

Sixty-first  
Legislative Assembly  
of North Dakota

**SENATE BILL NO.**

Introduced by

Senator Stenehjem

1 A BILL for an Act to amend and reenact sections 54-17.2-23, 54-27-19, 57-39.2-26.1,  
2 57-39.2-26.2, 57-40.3-10, and 57-40.4-03 of the North Dakota Century Code, relating to  
3 allocation of motor vehicle excise tax revenues to the highway tax distribution fund; and to  
4 provide an effective date.

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

6 **SECTION 1. AMENDMENT.** Section 54-17.2-23 of the North Dakota Century Code is  
7 amended and reenacted as follows:

8 **54-17.2-23. State building authority lease payments - Limitation.** The general fund  
9 amount of lease payments for a biennium associated with capital construction projects financed  
10 by the industrial commission acting as the state building authority may not exceed the amount  
11 equal to a portion of sales; and use; ~~and motor vehicle excise~~ tax collections equal to ten  
12 percent of an amount, determined by multiplying the quotient of one percent divided by the  
13 general sales tax rate that was in effect when the taxes were collected, times the net sales; and  
14 ~~use;~~ ~~and motor vehicle excise~~ tax collections under chapters 57-39.2; and 57-40.2; ~~and~~  
15 ~~57-40.3.~~ The computation for the authorized general fund lease payments for a biennium must  
16 be based on the projected sales; and use; ~~and motor vehicle excise~~ tax collections presented to  
17 the legislative assembly at the close of the most recently adjourned regular legislative session.  
18 Lease payment amounts for any particular project must be calculated as of the date the related  
19 bonds are issued.

20 **SECTION 2. AMENDMENT.** Section 54-27-19 of the North Dakota Century Code is  
21 amended and reenacted as follows:

22 **54-27-19. Highway tax distribution fund - State treasurer to make allocation to**  
23 **state, counties, and cities.** A highway tax distribution fund is created as a special fund in the  
24 state treasury into which must be deposited the moneys available by law from collections of

1 motor vehicle registration and related fees, fuels taxes, special fuels taxes, use taxes, ~~and~~  
2 special fuels excise taxes, and motor vehicle excise taxes. Any moneys in the highway tax  
3 distribution fund must be allocated and transferred monthly by the state treasurer, as follows:

- 4 1. Sixty-three percent of such moneys must be transferred monthly to the state  
5 department of transportation and placed in a state highway fund.
- 6 2. Thirty-seven percent of such moneys must be allocated to the counties of this state  
7 in proportion to the number of motor vehicle registrations credited to each county.  
8 Each county must be credited with the certificates of title of all motor vehicles  
9 registered by residents of such county. The state treasurer shall compute and  
10 distribute the counties' share monthly after deducting the incorporated cities' share.  
11 All the moneys received by the counties from the highway tax distribution fund  
12 must be set aside in a separate fund called the "highway tax distribution fund" and  
13 must be appropriated and applied solely for highway purposes in accordance with  
14 section 11 of article X of the Constitution of North Dakota. The state treasurer shall  
15 compute and distribute monthly the sums allocated to the incorporated cities within  
16 each county according to the formula in this subsection on the basis of the per  
17 capita population of all of the incorporated cities situated within each county as  
18 determined by the last official regular or special federal census or the census taken  
19 in accordance with the provisions of chapter 40-02 in case of a city incorporated  
20 subsequent to such census. Provided, however, that in each county having a city  
21 with a population of ten thousand or more, the amount transferred each month into  
22 the county highway tax distribution fund must be the difference between the  
23 amount allocated to that county pursuant to this subsection and the total amount  
24 allocated and distributed to the incorporated cities in that county as computed  
25 according to the following formula:
  - 26 a. A statewide per capita average as determined by calculating twenty-seven  
27 percent of the amount allocated to all of the counties under this subsection  
28 divided by the total population of all of the incorporated cities in the state.
  - 29 b. The share distributed to each city in the county having a population of less  
30 than one thousand must be determined by multiplying the population of that

city by the product of 1.50 times the statewide per capita average computed under subdivision a.

- c. The share distributed to each city in the county having a population of one thousand to four thousand nine hundred ninety-nine, inclusive, must be determined by multiplying the population of that city by the product of 1.25 times the statewide per capita average computed under subdivision a.
- d. The share distributed to each city in the county having a population of five thousand or more must be determined by multiplying the population of that city by the statewide per capita average for all such cities, which per capita average must be computed as follows: the total of the shares computed under subdivisions b and c for all cities in the state having a population of less than five thousand must be subtracted from the total incorporated cities' share in the state as computed under subdivision a and the balance remaining must then be divided by the total population of all cities of five thousand or more in the state.

The moneys allocated to the incorporated cities must be distributed to them monthly by the state treasurer and must be deposited by the cities in a separate fund and may only be used in accordance with section 11 of article X of the Constitution of North Dakota; provided, that any incorporated city may use such fund for the construction, reconstruction, repair, and maintenance of public highways within or outside such city pursuant to an agreement entered into between the city and any other political subdivision as authorized by section 54-40-08.

**SECTION 3. AMENDMENT.** Section 57-39.2-26.1 of the North Dakota Century Code is amended and reenacted as follows:

**57-39.2-26.1. Allocation of revenues among political subdivisions.**

Notwithstanding any other provision of law, a portion of sales, gross receipts, and use, ~~and motor vehicle excise~~ tax collections, equal to forty percent of an amount determined by multiplying the quotient of one percent divided by the general sales tax rate, that was in effect when the taxes were collected, times the net sales, gross receipts, and use, ~~and motor vehicle excise~~ tax collections under chapters 57-39.2, 57-39.5, 57-39.6, and 57-40.2, ~~and 57-40.3~~ must be deposited by the state treasurer in the state aid distribution fund. The state tax commissioner shall certify to the state treasurer the portion of sales, gross receipts, and use,

~~and motor vehicle excise~~ tax net revenues that must be deposited in the state aid distribution fund as determined under this section. Revenues deposited in the state aid distribution fund are provided as a standing and continuing appropriation and must be allocated as follows:

1. Fifty-three and seven-tenths percent of the revenues must be allocated to counties in the first month after each quarterly period as provided in this subsection.

a. Sixty-four percent of the amount must be allocated among the seventeen counties with the greatest population, in the following manner:

(1) Thirty-two percent of the amount must be allocated equally among the counties; and

(2) The remaining amount must be allocated based upon the proportion each such county's population bears to the total population of all such counties.

b. Thirty-six percent of the amount must be allocated among all counties, excluding the seventeen counties with the greatest population, in the following manner:

(1) Forty percent of the amount must be allocated equally among the counties; and

(2) The remaining amount must be allocated based upon the proportion each such county's population bears to the total population of all such counties.

A county shall deposit all revenues received under this subsection in the county general fund. Each county shall reserve a portion of its allocation under this subsection for further distribution to, or expenditure on behalf of, townships, rural fire protection districts, rural ambulance districts, soil conservation districts, county recreation service districts, county hospital districts, the Garrison Diversion Conservancy District, the southwest water authority, and other taxing districts within the county, excluding school districts, cities, and taxing districts within cities. The share of the county allocation under this subsection to be distributed to a township must be equal to the percentage of the county share of state aid distribution fund allocations that township received during calendar year 1996. The governing boards of the county and township may agree to a different distribution.

- 1           2.   Forty-six and three-tenths percent of the revenues must be allocated to cities in the  
2           first month after each quarterly period as provided in this subsection.
- 3           a.   Nineteen and four-tenths percent of the amount must be allocated among  
4           cities with a population of eighty thousand or more, based upon the proportion  
5           each city's population bears to the total population of all such cities.
- 6           b.   Thirty-four and five-tenths percent of the amount must be allocated among  
7           cities with a population of twenty thousand or more but fewer than eighty  
8           thousand, based upon the proportion each such city's population bears to the  
9           total population of all such cities.
- 10          c.   Sixteen percent of the amount must be allocated among cities with a  
11          population of ten thousand or more but fewer than twenty thousand, based  
12          upon the proportion each such city's population bears to the total population  
13          of all such cities.
- 14          d.   Four and nine-tenths percent of the amount must be allocated among cities  
15          with a population of five thousand or more but fewer than ten thousand, based  
16          upon the proportion each such city's population bears to the total population  
17          of all such cities.
- 18          e.   Thirteen and one-tenth percent of the amount must be allocated among cities  
19          with a population of one thousand or more but fewer than five thousand,  
20          based upon the proportion each such city's population bears to the total  
21          population of all such cities.
- 22          f.   Six and one-tenth percent of the amount must be allocated among cities with  
23          a population of five hundred or more but fewer than one thousand, based  
24          upon the proportion each such city's population bears to the total population  
25          of all such cities.
- 26          g.   Three and four-tenths percent of the amount must be allocated among cities  
27          with a population of two hundred or more but fewer than five hundred, based  
28          upon the proportion each such city's population bears to the total population  
29          of all such cities.

h. Two and six-tenths percent of the amount must be allocated among cities with a population of fewer than two hundred, based upon the proportion each such city's population bears to the total population of all such cities.

A city shall deposit all revenues received under this subsection in the city general fund. Each city shall reserve a portion of its allocation under this subsection for further distribution to, or expenditure on behalf of, park districts and other taxing districts within the city, excluding school districts. The share of the city allocation under this subsection to be distributed to a park district must be equal to the percentage of the city share of state aid distribution fund allocations that park district received during calendar year 1996, up to a maximum of thirty percent. The governing boards of the city and park district may agree to a different distribution.

**SECTION 4. AMENDMENT.** Section 57-39.2-26.2 of the North Dakota Century Code is amended and reenacted as follows:

**57-39.2-26.2. Allocation of revenues to senior citizen services and programs matching fund - Continuing appropriation.** Notwithstanding any other provision of law, a portion of sales; and use; ~~and motor vehicle excise~~ tax collections equal to the amount of revenue that would have been generated by a levy of two-thirds of one mill on the taxable valuation of all property in the state subject to a levy under section 57-15-56 in the previous taxable year must be deposited by the state treasurer in the senior citizen services and programs fund during the period from July first through December thirty-first of each year. The state tax commissioner shall certify to the state treasurer the portion of sales; and use; ~~and motor vehicle excise~~ tax revenues which must be deposited in the fund as determined under this section. Revenues deposited in the senior citizen services and programs fund are provided as a standing and continuing appropriation for allocation as provided in subsection 5 of section 57-15-56. Any unexpended and unobligated amount in the senior citizen services and programs fund at the end of the 2005-07 biennium must be allocated among counties that levied the statutory maximum mill levy for taxable year 2004 in proportion to the dollars generated by those levies in those counties for that year but the allocation to any county may not exceed the difference between combined funding for the county's senior citizen services and programs for taxable year 2004 and the combined funding for those services and programs

for taxable year 2006 and any remaining unexpended and unobligated amount at the end of any biennium must be transferred by the state treasurer to the state general fund.

**SECTION 5. AMENDMENT.** Section 57-40.3-10 of the North Dakota Century Code is amended and reenacted as follows:

**57-40.3-10. (Effective through June 30, 2009) Transfer of revenue.** All moneys collected and received under this chapter after moneys are deposited in the state aid distribution fund under section 57-39.2-26.1 must be transmitted monthly by the director of the department of transportation to the state treasurer to be transferred and credited as follows:

1. Ten percent to the highway fund.
2. Ninety percent to the state general fund.

**(Effective after June 30, 2009) Transfer of revenue.** All moneys collected and received under this chapter must be transmitted monthly by the director of the department of transportation to the state treasurer to be transferred and credited to the general highway tax distribution fund.

**SECTION 6. AMENDMENT.** Section 57-40.4-03 of the North Dakota Century Code is amended and reenacted as follows:

**57-40.4-03. Appropriation.** There is hereby appropriated out of any moneys in the general highway tax distribution fund of the state treasury, not otherwise appropriated, as a standing and continuing appropriation, such sums as may be necessary to provide for motor vehicle excise tax refunds under this chapter; ~~and in addition thereto, there is hereby appropriated out of any moneys in the motor vehicle registration fund, not otherwise appropriated, as a standing and continuing appropriation, such sums as may be necessary to provide for motor vehicle excise tax refunds under this chapter, such appropriations to be made from both such funds in equal amounts. Refunds must be made from the moneys appropriated out of the general fund of the state treasury, and from the moneys appropriated out of the motor vehicle registration fund in the same proportion as the tax was allocated at the time it was collected.~~

**SECTION 7. EFFECTIVE DATE.** This Act is effective for taxable events occurring after June 30, 2009.