

Sixty-second
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1194

Introduced by

Representatives Porter, Belter, R. Kelsch

Senators Cook, Fischer, Hogue

1 A BILL for an Act to create and enact chapter 57-15.1 of the North Dakota Century Code,
2 relating to truth in property taxation and determination and application of a certified tax rate for
3 cities, counties, school districts, and city park districts; to amend and reenact sections 11-23-03,
4 40-40-04, 40-40-06, and 57-15-13 of the North Dakota Century Code, relating to county, city,
5 park district, and school district property tax levies and hearings; and to provide an effective
6 date.

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

8 **SECTION 1. AMENDMENT.** Section 11-23-03 of the North Dakota Century Code is
9 amended and reenacted as follows:

10 **11-23-03. Notice of meeting to act on county budget.**

11 ~~The estimates of necessary expenditures and the tax levies required therefor as shown by~~
12 ~~the auditor's budget statement, together with a~~ notice that the board of county commissioners
13 will meet on a specified date on or before September fifteenth for the purpose of making tax
14 levies as set forth in the estimates, naming the time and place of holding such meeting,
15 ~~shall~~ must be published in at least one issue of the official newspaper of the county. The county
16 auditor shall notify by mail the township and city officers in regard to the date of such meeting. If
17 the county is required to hold a public hearing under chapter 57-15.1 and chooses to conduct
18 that hearing in conjunction with the hearing under this section, publication of the notice required
19 under this section may be consolidated with publication of the notice under section 57-15.1-04.

20 **SECTION 2. AMENDMENT.** Section 40-40-04 of the North Dakota Century Code is
21 amended and reenacted as follows:

22 **40-40-04. Municipality to prepare preliminary budget statement.**

23 The governing body of each municipality, annually on or before September ~~tenth~~ fifth, shall
24 make an itemized statement known as the preliminary budget statement showing the amounts

of money which, in the opinion of the governing body, will be required for the proper maintenance, expansion, or improvement of the municipality during the year.

SECTION 3. AMENDMENT. Section 40-40-06 of the North Dakota Century Code is amended and reenacted as follows:

40-40-06. Notice of preliminary budget statement - Public hearing - Contents - How given.

After the governing body has prepared the preliminary budget statement, the auditor of the municipality shall give notice that:

1. The preliminary budget is on file in the office of the auditor and may be examined by anyone upon request.
2. The governing body shall meet no later than October seventh at the time and place specified in the notice as prescribed by subsection 3 for the purpose of adopting the final budget and making the annual tax levy.
3. The governing body shall hold a public ~~session~~hearing on or before September fifteenth at the time and place designated in the notice of hearing at which any taxpayer may appear and discuss with the body any item of proposed expenditures or may object to any item or amount.

The notice must contain a statement of the total proposed expenditures for each fund in the preliminary budget, but need not contain any detailed statement of the proposed expenditures.

The notice must be published at least once, not less than six days prior to the budget hearing, in a newspaper published in the municipality, if there is one, and if no newspaper is published in the municipality, the notice must be published not less than six days prior to the meeting in the official city newspaper as provided by section 40-01-09. If the municipality is required to hold a public hearing under chapter 57-15.1 and chooses to conduct that hearing in conjunction with the hearing under this section, publication of the notice required under this section may be consolidated with publication of the notice under section 57-15.1-04.

SECTION 4. AMENDMENT. Section 57-15-13 of the North Dakota Century Code is amended and reenacted as follows:

57-15-13. School district tax levies - Public hearing on budget and levies.

School district taxes must be levied by the governing body of each school district on or before the fifteenth day of August of each year. The governing body of the school district may

1 amend its tax levy and budget for the current fiscal year on or before the tenth day of October of
2 each year but the certification must be filed with the county auditor within the time limitations
3 under section 57-15-31.1.

4 1. Taxes for school district purposes must be based upon an itemized budget statement
5 which must show the complete expenditure program of the district for the current fiscal
6 year and the sources of the revenue from which it is to be financed.

7 2. The school board of each public school district, in levying taxes, is limited by the
8 amount necessary to be raised for the purpose of meeting the appropriations included
9 in the school budget of the current fiscal year, and the sum necessary to be provided
10 as an interim fund, together with a tax sufficient in amount to pay the interest on the
11 bonded debt of the district and to provide a sinking fund to pay and discharge the
12 principal thereof at maturity.

13 3. On or before September fifteenth of each year, the school board of each public school
14 district shall hold a public hearing on its proposed budget and tax levies if the school
15 board is required to hold a public hearing under chapter 57-15.1.

16 **SECTION 5.** Chapter 57-15.1 of the North Dakota Century Code is created and enacted as
17 follows:

18 **57-15.1-01. Definitions.**

19 For purposes of this chapter:

20 ~~1. "Base year" means the taxing district's taxable year immediately preceding the budget~~
21 ~~year.~~

22 ~~2. "Budget year" means the taxing district's year for which the property tax levy of the~~
23 ~~taxing district is being determined.~~

24 ~~3.1. "Certified tax rate" means the property tax levy, expressed in number of mills, that~~
25 ~~against the current year taxable valuation, excluding consideration of new growth,~~
26 ~~which will provide the same amount of property tax revenue as the property tax levy in~~
27 ~~the base prior year, excluding consideration of new growth and levies excluded under~~
28 ~~subsection 5.~~

29 2. "Current year" means the taxing district's year for which the property tax levy of the
30 taxing district is being determined.

1 4.3. "New growth" means the ~~final budget year~~ taxable valuation of any ~~taxable~~ property
2 that was not taxable in the ~~taxing district for the base~~~~prior~~ year ~~minus the base year~~
3 ~~taxable valuation of any property that was taxable in the base year but is not taxable in~~
4 ~~the budget year.~~

5 4. "Prior year" means the taxing district's taxable year immediately preceding the current
6 year.

7 5. "Property tax levy" means the tax rate, expressed in mills, for all property taxes levied
8 by the taxing district:

9 ~~a. Minus any irrepealable tax to pay bonded indebtedness.~~

10 ~~b. Minus the levy for the state medical center.~~

11 ~~c. Plus the amount of the increase in new or increased mill levy authority authorized~~
12 ~~by the legislative assembly or the electors of the taxing district for the budget~~
13 ~~year which were not authorized in the base year.~~

14 ~~d. Minus the amount of any expired mill levy authority authorized by the legislative~~
15 ~~assembly or electors of the taxing district for the base year which is not~~
16 ~~authorized for the budget year.~~

17 ~~e. Minus combined levies for county road and bridge, farm-to-market and federal~~
18 ~~aid road, and county road purposes in the amount required to qualify for county~~
19 ~~allocations under section 57-51-15.~~

20 ~~f. Minus unlimited levies as authorized by law.~~

21 6. "Taxing district" means a city, county, school district, or city park district but does not
22 include any such taxing district that levied a property tax levy of less than ~~twentyone~~
23 ~~hundred~~ thousand dollars for the ~~base~~~~prior~~ year and sets a budget for the
24 ~~budget~~~~current~~ year calling for a property tax levy of less than ~~twentyone hundred~~
25 thousand dollars.

26 **57-15.1-02. Certified tax rate.**

27 ~~The~~Within thirty days after the meeting of the county board of equalization, the county
28 auditor shall determine and provide to the governing body of each taxing district the ~~estimated~~
29 certified tax rate for the taxing district for the ~~budget~~~~current~~ year. The auditor shall ~~estimate~~~~use~~
30 the taxable valuation for the taxing district for the ~~budget~~~~current~~ year ~~by using the best available~~
31 ~~information or by applying the rate of increase of taxable valuation of existing property which~~

~~occurred in the base year as equalized by the county board of equalization and a reasonable~~
~~estimate of the taxable valuation of centrally assessed property for the current year.~~

57-15.1-03. Property tax increase requirements.

Notwithstanding any other provision of law, a taxing district may not levy property taxes for
the ~~budget~~current year in an amount exceeding the amount that would be generated by the
certified tax rate unless the taxing district complies with the requirements of this chapter.

57-15.1-04. Notice and hearing.

~~1. At least ten days before the date of the public hearing under subsection 3, a taxing-~~
~~district intending to levy property taxes at a rate exceeding the certified tax rate shall~~
~~mail a postcard providing notice to all owners of taxable property in the taxing district.~~

~~The notice must contain:~~

~~a. The date, time, and place of the required public hearing for the taxing district.~~

~~b. The amount the taxing district intends to levy, expressed as a percentage~~
~~increase exceeding the certified tax rate.~~

~~2. As an alternative to the mailed notice under subsection 1, the~~The governing body of a
taxing district that intends to levy property taxes at a rate exceeding the certified tax
rate shall cause publication of notice in the official county newspaper ~~once each week~~
~~for two consecutive weeks~~, with the ~~second~~ publication of the notice completed not
fewer than ~~three~~seven days before the public hearing required under subsection ~~3~~2.
The ~~advertisement may not be placed in the portion of the newspaper where legal~~
~~notices and classified advertisements appear. The advertisement must contain the~~
~~information required to be contained in the mailed notice under subsection 1.~~notice
must be not less than one-fourth page in size with a heading in capitalized boldface
type stating "IMPORTANT NOTICE TO (name of taxing district) TAXPAYERS". The
heading and stated percentage increase above the certified tax rate must be printed in
a type size four points larger than the other print in the notice. The text of the notice
must contain:

~~a. The date, time, and place of the required public hearing for the taxing district.~~

~~b. A statement that the taxing district will be conducting a public hearing to consider~~
~~increasing its property tax levy in dollars by a stated percentage, expressed as a~~
~~percentage increase exceeding the certified tax rate.~~

1 c. A statement that there will be an opportunity for citizens to present oral or written
2 testimony regarding the budget and levy of the taxing district.

3 d. Any other information the taxing district wishes to provide to inform taxpayers.

4 3.2. A public hearing required by this chapter:

5 a. Is a public meeting.

6 b. May not be scheduled at the same time as the public hearing of another taxing
7 district in the same county which contains taxable property also included in the
8 taxing district holding the public hearing. ~~Taxing but taxing~~ districts may
9 consolidate public hearings. ~~The board of county commissioners shall resolve~~
10 ~~any conflicts in public hearing dates and times after consultation with each~~
11 ~~affected taxing district.~~

12 c. May be conducted in conjunction with a public hearing regarding the budget or
13 levy of the taxing district otherwise required by law.

14 d. May not begin earlier than six p.m.

15 4.3. The governing body of a taxing district conducting a public hearing under this section
16 shall provide an interested party desiring to be heard an opportunity to present oral
17 testimony within reasonable time limits and shall provide an interested party desiring
18 to submit written comments an opportunity to file written comments with the governing
19 body.

20 5.4. A taxing district that intends to exceed its certified tax levy may not adopt its final
21 budget until the public hearing under this section has been held. A public hearing
22 under this section may be held to coincide with a hearing on the proposed budget of
23 the taxing district.

24 6.5. If the governing body of the taxing district does not make a final decision on imposing
25 a levy exceeding the certified tax rate at the public hearing described in this section,
26 the governing body shall announce at that public hearing the scheduled time and
27 place of the next public meeting at which the governing body will consider final
28 adoption of a budget that would result in a tax rate exceeding the tax district's certified
29 tax rate.

1 **57-15.1-05. Resolution adopting an excess levy.**

2 A taxing district may not impose a tax rate that exceeds the taxing district's certified tax rate
3 unless the governing body adopts a resolution stating that the requirements of this chapter have
4 been met, a public hearing has been conducted, and the governing body has considered all oral
5 and written testimony regarding the issue. The resolution must state the tax rate and
6 percentage increase, as compared to the certified tax rate, the taxing district will levy.
7 ~~Notwithstanding any other provision of law, the final budget adopted by the taxing district may~~
8 ~~not provide for a property tax levy exceeding the tax rate and percentage increase stated in the~~
9 ~~resolution or the tax rate and percentage increase stated in the notice to taxpayers under~~
10 ~~subsection 1 or 2 of section 57-15.1-04, whichever is less. The governing body shall file a copy~~
11 ~~of the resolution with the county auditor.~~

12 **57-15.1-06. Notice of adoption of increased property tax rate.**

13 Within seven days after adoption of a property tax levy that results in a percentage increase
14 that exceeds the stated percentage increase from the newspaper notice published by the taxing
15 district under section 57-15.1-04, the governing body of the taxing district shall cause
16 publication of a notice in the official county newspaper to inform taxpayers of the excess
17 increase. The notice must be not less than one-fourth page in size with a heading in capitalized
18 boldface type stating "IMPORTANT NOTICE TO (name of taxing district) TAXPAYERS". The
19 text of the notice must contain the stated percentage increase from the newspaper notice
20 published by the taxing district under section 57-15.1-04 and the actual percentage increase
21 resulting from the final property tax levy as adopted. The heading and actual percentage
22 increase above the certified tax rate must be printed in a type size four points larger than the
23 other print in the notice.

24 **SECTION 6. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
25 December 31, 2011.