

Sixty-sixth
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1380

Introduced by

Representatives Bellew, Dockter, Kasper, B. Koppelman, Paulson

Senators Clemens, O. Larsen

1 A BILL for an Act to create and enact ~~a new section to chapter 57-15~~ section 57-15-02.3 of the
2 North Dakota Century Code, relating to limitations on property tax levies by taxing districts
3 without voter approval; to amend and reenact subsection 4 of section 15.1-27-04.1 of the North
4 Dakota Century Code, relating to the determination of school district state aid payments; ~~and~~ to
5 provide an effective date; and to provide an expiration date.

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

7 **SECTION 1. AMENDMENT.** Subsection 4 of section 15.1-27-04.1 of the North Dakota
8 Century Code is amended and reenacted as follows:

9 4. After determining the product in accordance with subsection 3, the superintendent of
10 public instruction shall:

11 a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the
12 school district, ~~except~~ provided that after 2021, the amount in dollars subtracted
13 for purposes of this subdivision may not exceed the previous year's amount in
14 dollars subtracted for purposes of this subdivision by more than ~~twelve~~ three
15 percent or the percentage increase approved by sixty percent a majority of the
16 qualified electors of the school district pursuant to subsection 3 of section 2-of-
17 this Act ~~57-15-02.3~~; and

18 b. Subtract an amount equal to seventy-five percent of all revenues listed in
19 paragraphs 1 through 5, and 7 of subdivision f of subsection 1 and one hundred
20 percent of all revenues listed in paragraphs 6, 8, and 9 of subdivision f of
21 subsection 1.

22 ~~**SECTION 2. A new section to chapter 57-15 of the North Dakota Century Code is created**~~
23 ~~**and enacted as follows:**~~

~~**Limitation on levies by taxing districts without voter approval.**~~

- ~~1. Notwithstanding that a taxing district may have unused or excess levy authority under any other provision of law, this section supersedes and limits that authority. For purposes of this section, "taxing district" means any political subdivision empowered to levy taxes. This section may not be interpreted as authority to increase any property tax levy authority otherwise provided by law and must be applied to limit any property tax levy authority to which a taxing district may otherwise be entitled. Property taxes levied in dollars by a taxing district may not exceed the amount the taxing district levied in dollars in the preceding taxable year by more than three percent, except:~~
- ~~a. When property and improvements to property which were not taxable in the preceding taxable year are taxable in the current year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased for purposes of this section to reflect the taxes that would have been imposed against the additional taxable valuation attributable to that property at the mill rate applied to all property in the preceding taxable year.~~
- ~~b. When a property tax exemption existed in the preceding taxable year which has been reduced or no longer exists for the current taxable year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased for purposes of this section to reflect the taxes that would have been imposed against the portion of the taxable valuation of the property which is no longer exempt at the mill rate applied to all property in the preceding taxable year.~~
- ~~c. When property that was taxable in the preceding taxable year is not taxable for the current taxable year, the amount levied in dollars in the preceding taxable year by the taxing district must be reduced for purposes of this section by the amount of taxes that were imposed against the taxable valuation of that property in the preceding taxable year.~~
- ~~d. When a temporary mill levy increase, excluding an increase under this section, authorized by the electors of the taxing district or mill levy imposition authority under state law existed in the previous taxable year but is no longer applicable or has been reduced, the amount levied in dollars in the previous taxable year by the taxing district must be adjusted to reflect the expired temporary mill levy~~

~~increase and the eliminated or reduced mill levy under state law before the
percentage increase allowable under this subsection is applied.~~

~~2. The limitation on the total amount levied by a taxing district under subsection 1 does
not apply to:~~

~~a. New or increased property tax levy authority that was not available to the taxing
district in the preceding taxable year, including property tax levy authority
provided by state law or approved by the electors of the taxing district.~~

~~b. Any irrepealable tax to pay bonded indebtedness levied under section 16 of
article X of the Constitution of North Dakota. Any tax levied for this purpose must
be excluded from the mill rate applied under subdivisions a through c of
subsection 1.~~

~~c. The one-mill levy for the state medical center authorized by section 10 of article X
of the Constitution of North Dakota. Any tax levied for this purpose must be
excluded from the mill rate applied under subdivisions a through c of
subsection 1.~~

~~d. The levy, not to exceed one mill, for the Garrison Diversion Conservancy District,
authorized by section 57-15-26.8.~~

~~e. Taxes or special assessments levied to pay the principal and interest on any
obligations of any political subdivision, including taxes levied for deficiencies in
special assessment and improvement district funds and revenue bond and
reserve funds.~~

~~f. Taxes levied pursuant to law for the proportion of the cost to any taxing district for
a special improvement project by general taxation.~~

~~g. Taxes levied under sections 40-24-10, 40-43-01, 57-15-41, and 61-21-52.~~

~~3. A levy exceeding the percentage increase limitation under subsection 1 may be
imposed upon approval of a ballot measure, stating the percentage of the proposed
property tax levy increase percentage compared to the percentage limitation under
subsection 1, by sixty percent of the qualified electors of the taxing district voting on
the question at a regular or special election of the taxing district. A levy exceeding the
percentage increase limitation under subsection 1 may be approved by electors for not
more than one taxable year at a time.~~

~~4. A city or county may not supersede or modify the application of the provisions of this section under home rule authority.~~

SECTION 2. Section 57-15-02.3 of the North Dakota Century Code is created and enacted as follows:

57-15-02.3. Limitation on levies by taxing districts without voter approval.

1. Notwithstanding that a taxing district may have unused or excess levy authority under any other provision of law, this section supersedes and limits that authority. For purposes of this section, "taxing district" means any political subdivision empowered to levy taxes, with the exception of school districts. This section may not be interpreted as authority to increase any property tax levy authority otherwise provided by law and must be applied to limit any property tax levy authority to which a taxing district may otherwise be entitled. Property taxes levied in dollars by a taxing district may not exceed the amount the taxing district levied in dollars in the preceding taxable year by more than three percent, except:

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

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

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

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

2. The limitation on the total amount levied by a taxing district under subsection 1 does not apply to:

a. New or increased property tax levy authority that was not available to the taxing district in the preceding taxable year, including property tax levy authority provided by state law or approved by the electors of the taxing district.

b. Any irrepealable tax to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota. Any tax levied for this purpose must be excluded from the mill rate applied under subdivisions a through c of subsection 1.

c. The one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota. Any tax levied for this purpose must be excluded from the mill rate applied under subdivisions a through c of subsection 1.

d. The levy, not to exceed one mill, for the Garrison Diversion Conservancy District, authorized by section 57-15-26.8.

e. Taxes or special assessments levied to pay the principal and interest on any obligations of any political subdivision, including taxes levied for deficiencies in special assessment and improvement district funds and revenue bond and reserve funds.

f. Taxes levied pursuant to law for the proportion of the cost to any taxing district for a special improvement project by general taxation.

g. Taxes levied under sections 40-24-10, 40-43-01, 57-15-41, and 61-21-52.

3. A levy exceeding the percentage increase limitation under subsection 1 may be imposed upon approval of a ballot measure, stating the percentage of the proposed

property tax levy increase percentage compared to the percentage limitation under subsection 1, by a majority of the qualified electors of the taxing district voting on the question at a regular or special election of the taxing district. A levy exceeding the percentage increase limitation under subsection 1 may be approved by electors for not more than one taxable year at a time.

4. A city or county may not supersede or modify the application of the provisions of this section under home rule authority.

SECTION 3. Section 57-15-02.3 of the North Dakota Century Code is created and enacted as follows:

57-15-02.3. Limitation on levies by taxing districts without voter approval.

1. Notwithstanding that a taxing district may have unused or excess levy authority under any other provision of law, this section supersedes and limits that authority. For purposes of this section, "taxing district" means any political subdivision empowered to levy taxes. This section may not be interpreted as authority to increase any property tax levy authority otherwise provided by law and must be applied to limit any property tax levy authority to which a taxing district may otherwise be entitled. Property taxes levied in dollars by a taxing district may not exceed the amount the taxing district levied in dollars in the preceding taxable year by more than three percent, except:

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

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

1 c. When property that was taxable in the preceding taxable year is not taxable for
2 the current taxable year, the amount levied in dollars in the preceding taxable
3 year by the taxing district must be reduced for purposes of this section by the
4 amount of taxes that were imposed against the taxable valuation of that property
5 in the preceding taxable year.

6 d. When a temporary mill levy increase, excluding an increase under this section,
7 authorized by the electors of the taxing district or mill levy imposition authority
8 under state law existed in the previous taxable year but is no longer applicable or
9 has been reduced, the amount levied in dollars in the previous taxable year by
10 the taxing district must be adjusted to reflect the expired temporary mill levy
11 increase and the eliminated or reduced mill levy under state law before the
12 percentage increase allowable under this subsection is applied.

13 2. The limitation on the total amount levied by a taxing district under subsection 1 does
14 not apply to:

15 a. New or increased property tax levy authority that was not available to the taxing
16 district in the preceding taxable year, including property tax levy authority
17 provided by state law or approved by the electors of the taxing district.

18 b. Any irrepealable tax to pay bonded indebtedness levied under section 16 of
19 article X of the Constitution of North Dakota. Any tax levied for this purpose must
20 be excluded from the mill rate applied under subdivisions a through c of
21 subsection 1.

22 c. The one-mill levy for the state medical center authorized by section 10 of article X
23 of the Constitution of North Dakota. Any tax levied for this purpose must be
24 excluded from the mill rate applied under subdivisions a through c of
25 subsection 1.

26 d. The levy, not to exceed one mill, for the Garrison Diversion Conservancy District,
27 authorized by section 57-15-26.8.

28 e. Taxes or special assessments levied to pay the principal and interest on any
29 obligations of any political subdivision, including taxes levied for deficiencies in
30 special assessment and improvement district funds and revenue bond and
31 reserve funds.

f. Taxes levied pursuant to law for the proportion of the cost to any taxing district for a special improvement project by general taxation.

g. Taxes levied under sections 40-24-10, 40-43-01, 57-15-41, and 61-21-52.

3. A levy exceeding the percentage increase limitation under subsection 1 may be imposed upon approval of a ballot measure, stating the percentage of the proposed property tax levy increase percentage compared to the percentage limitation under subsection 1, by a majority of the qualified electors of the taxing district voting on the question at a regular or special election of the taxing district. A levy exceeding the percentage increase limitation under subsection 1 may be approved by electors for not more than one taxable year at a time.

4. A city or county may not supersede or modify the application of the provisions of this section under home rule authority.

SECTION 4. EFFECTIVE DATE - EXPIRATION DATE. ~~This~~ Section 2 of this Act is effective for the first two taxable years beginning after December 31, 2019, and is thereafter ineffective. Sections 1 and 3 of this Act ~~is~~are effective for taxable years beginning after December 31, ~~2019~~2021.