

Sixty-sixth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1437

Introduced by

Representatives Hatlestad, B. Anderson, Grueneich, Kreidt, Longmuir, Owens, Richter,
Trottier

Senators Bekkedahl, Krebsbach, Poolman

1 A BILL for an Act to create and enact sections 11-09.1-05.2 and 40-05.1-06.2 of the North
2 Dakota Century Code, relating to city or county sales tax revenue transfers to school districts for
3 bonded indebtedness; and to repeal sections 11-09.1-05.1 and 40-05.1-06.1 of the North
4 Dakota Century Code, relating to the prohibition on transferring city or county sales tax revenue
5 to school districts.

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

7 **SECTION 1.** Section 11-09.1-05.2 of the North Dakota Century Code is created and
8 enacted as follows:

9 **11-09.1-05.2. Sales tax revenue transfer to school districts for bonded indebtedness.**

- 10 1. Upon presentation to the board of county commissioners of a resolution adopted by
11 the school board of a school district within the county, the board of county
12 commissioners may place on the ballot at a primary or general election the question of
13 approval of imposition of an additional county sales, use, farm machinery gross
14 receipts, and alcoholic beverage gross receipts tax. The rate of tax imposed for each
15 school district may not exceed one percent for principal and interest payments on
16 school district bonds for school building projects. The board of county commissioners
17 shall place on the ballot the sum of the tax rates proposed for each school district that
18 presented an adopted resolution to the board of county commissioners.
- 19 2. Upon approval by sixty percent or more of the qualified electors of the county voting
20 on the question, the board of county commissioners shall impose a county sales tax at
21 the rate approved by the electors on taxable transactions occurring outside of the
22 boundaries of a city within that county if the city has imposed a sales tax for school
23 districts, or subsequently enacts and imposes a sales tax for school districts under

1 section 40-05.1-06.2. Proceeds from the tax imposed must be deposited in a special
2 fund of the county and transferred quarterly to each school district that presented an
3 adopted resolution to the board of county commissioners under subsection 1, in
4 proportion to the tax imposed for each school district, for principal and interest
5 payments on bonds issued for purposes of this section. Any funds in the county
6 special fund at the end of a fiscal year which are unused and unobligated for principal
7 and interest payments on bonds issued for purposes of this section may be transferred
8 to the county general fund. Any tax imposed under this section remains effective until
9 bonds issued under the funding authority of this section have been retired. Any
10 shortfall in funding after application of revenue from the tax imposed for principal and
11 interest payments on bonds issued for purposes of this section is the responsibility of
12 the school district and not the county.

13 **SECTION 2.** Section 40-05.1-06.2 of the North Dakota Century Code is created and
14 enacted as follows:

15 **40-05.1-06.2. Sales tax revenue transfer to school district for bonded indebtedness.**

- 16 1. Upon presentation to the city governing body of a resolution adopted by the school
17 board of a school district containing fifty percent or more of the territory within the city,
18 the city governing body may place on the ballot at a regular or special city election the
19 question of approval of imposition of an additional city sales, use, farm machinery
20 gross receipts, and alcoholic beverage gross receipts tax at a rate not exceeding one
21 percent for principal and interest payments on school district bonds for school building
22 projects.
- 23 2. Upon approval by sixty percent or more of the qualified electors of the city voting on
24 the question, the city governing body shall impose a city sales tax at the rate approved
25 by the electors. Proceeds from the tax imposed must be deposited in a special fund of
26 the city and transferred to the school district at the times and in the amounts required
27 for principal and interest payments on bonds issued for purposes of this section. Any
28 funds in the city special fund at the end of a fiscal year which are unused and
29 unobligated for principal and interest payments on bonds issued for purposes of this
30 section may be transferred to the city general fund. Any tax imposed under this section
31 remains effective until bonds issued under the funding authority of this section have

1 been retired. Any shortfall in funding after application of revenue from the tax imposed
2 for principal and interest payments on bonds issued for purposes of this section is the
3 responsibility of the school district and not the city.

4 **SECTION 3. REPEAL.** Sections 11-09.1-05.1 and 40-05.1-06.1 of the North Dakota
5 Century Code are repealed.