Sixty-eighth Legislative Assembly of North Dakota

## **HOUSE CONCURRENT RESOLUTION NO. 3024**

Introduced by

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property.

Representatives Hoverson, Bellew, Schatz, VanWinkle

Senator Magrum

1	A concurrent resolution to amend and reenact sections 1, 14, 15, 16, and 27 of article X of the
2	Constitution of North Dakota, relating to prohibiting the levy of property tax except for limited
3	purposes, prohibiting the issuance of general obligation bonds secured with property tax, and
4	providing for a state transfer tax on real property; to repeal sections 4, 5, 7, 9, and 10 of
5	article X of the Constitution of North Dakota, relating to prohibiting the levy of property tax; and
6	to provide an effective date.
7	STATEMENT OF INTENT
8	This measure prohibits the levy of property tax, except for limited purposes, prohibits the
9	issuance of general obligation bonds secured with property tax, and permits imposition by the
10	state of a transfer tax on real property.
11	BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF NORTH DAKOTA,
12	THE SENATE CONCURRING THEREIN:
13	That the following proposed amendments to sections 1, 14, 15, 16, and 27 of article X of the
14	Constitution of North Dakota, and the proposed repeal of sections 4, 5, 7, 9, and 10 of article X
15	of the Constitution of North Dakota are agreed to and must be submitted to the qualified
16	electors of North Dakota at the general election to be held in 2024, in accordance with
17	section 16 of article IV of the Constitution of North Dakota.
18	SECTION 1. AMENDMENT. Section 1 of article X of the Constitution of North Dakota is
19	amended and reenacted as follows:
20	Section 1. The
21	1. Except as provided in subsection 2, the legislative assembly shall be prohibited from
22	raisingand all political subdivisions may not raise revenue to defray the expenses of
23	the state through the levying of aany tax on the assessed value of real or personal

- A political subdivision may continue to levy tax on the assessed value of real property
   if the tax was dedicated for the payment of bonded indebtedness incurred before the
   end of the thirty-day period following the date this amendment was approved by the
   voters, until such debt is paid.
  - 3. The state shall provide annual property tax revenue replacement payments to political subdivisions in an amount equal to no less than the amount of tax levied on real property by the political subdivisions, excluding tax levied on real property for the payment of bonded indebtedness, during the calendar year in which this amendment was approved by the voters.
- SECTION 2. AMENDMENT. Section 14 of article X of the Constitution of North Dakota is amended and reenacted as follows:

## Section 14.

- Notwithstanding any other provision in the constitution, and for the purpose of promoting the economic growth of the state, the development of its natural resources, and the prosperity and welfare of its people, the state may issue bonds and use the proceeds thereoffrom the bonds to make loans to privately or cooperatively owned enterprises to plan, construct, acquire, equip, improve, and extend facilities for converting natural resources into power and generating and transmitting such power, and to acquire real and personal property and water and mineral rights needed for such facilities.
- 2. The state may issue general obligation bonds for this purpose to an amount which that, with all outstanding general obligation bonds, less the amount of all money on hand and taxes in process of collection which are appropriated for their payment, will not exceed five percent of the full and true value of all of the taxable real property in the state, to be ascertained by the last assessment made for state and county purposes:

  but nothing herein shall. The provision does not increase or diminish the limitations established by other provisions of the constitution on the amount of bonds therein authorized to be issued.
- 3. The state <u>also</u> may <u>also</u> issue revenue bonds for the purpose of providing part or all of the funds required for any project undertaken under subsection 1, payable solely from sums realized from payments of principal and interest on money loaned for such

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- project, and from other similar projects if so determined by the legislaturelegislative
  assembly, and from the liquidation of security given for such payments. Revenue
  bonds issued for any project shallmay not exceed the cost thereofof the project,
  including all expenses reasonably incurred to complete and finance the project, but
  shallmay not be subject to any other limitation of amount.
  - The full faith and credit of the state shallmust be pledged for the prompt and full payment of all bonds issued under subsection 2. Its obligation with respect to bonds issued under subsection 3 shallmust be limited to the prompt and full performance of such covenants as the legislaturelegislative assembly may authorize to be made respecting the enforcing of the provisions of underlying loan agreements and the segregation, accounting, and application of bond proceeds and of loan payments and other security pledged for the payment of the bonds. All bonds authorized by subsections 1 to 3, inclusive, shallmust mature within forty years from their respective dates of issue, but may be refunded at or before maturity in such manner and for such term and upon such conditions as the legislaturelegislative assembly may direct. Any such bonds may, but need not be, secured by mortgage upon real or personal property acquired with the proceeds of the same or any other issue of general obligation or revenue bonds, or upon other property mortgaged by the debtor. Pledges of revenues and mortgages of property securing bonds of any issue may be prior or subordinate to or on a parity with pledges and mortgages securing any other issue of general obligation or revenue bonds, as determined by the legislaturelegislative assembly from time to time in conformity with any provisions made for the security of outstanding bonds.
  - 5. The <u>legislaturelegislative assembly</u> shall pass such laws as are appropriate to implement this amendment.
  - 6. If any subsection of this amendment, or any part of a subsection, or any application thereof to particular circumstances should be held invalid for any reason, such invalidity shallmay not affect the validity of all remaining provisions of this amendment which may be given effect without that which is declared invalid, as applied to any circumstances and for this purpose all subsections and parts of subsections and applications thereof are declared to be severable.

1 SECTION 3. AMENDMENT. Section 15 of article X of the Constitution of North Dakota is 2 amended and reenacted as follows: 3 Section 15. The debt of any county, township, city, town, school district, or any other 4 political subdivision, shall never may exceed five per centum two and one-half percent upon the 5 assessedfull and true value of the taxablereal property therein; provided that any incorporated 6 city may, by a two-thirds vote, may increase such indebtedness three per centumone and 7 one-half percent on such assessedfull and true value beyond said five per centumthe two and 8 one-half percent limit, and a school district, by a majority vote may increase such indebtedness 9 fivetwo and one-half percent on such assessedfull and true value beyond said five per-10 centumthe two and one-half percent limit; provided also that any county or city by a majority 11 vote may issue bonds upon any revenue-producing utility owned by such county or city, or for 12 the purchasing or acquiring the same or building or establishment thereof, in amounts not 13 exceeding the physical value of such utility, industry or enterprise. 14 In estimating the indebtedness which a city, county, township, school district, or any other 15 political subdivision may incur, the entire amount, exclusive of the bonds upon said 16 revenue-producing utilities, whether contracted prior or subsequent to the adoption of this 17 constitution, shallmust be included; provided further that any incorporated city may become 18 indebted in any amount not exceeding four per centumtwo percent of such assessedfull and 19 true value without regard to the existing indebtedness of such city for the purpose of 20 constructing or purchasing waterworks for furnishing a supply of water to the inhabitants of such 21 city, or for the purpose of constructing sewers, and for no other purposes whatever. All bonds 22 and obligations in excess of the amount of indebtedness permitted by this constitution, given by 23 any city, county, township, town, school district, or any other political subdivision shall be void. 24 **SECTION 4. AMENDMENT.** Section 16 of article X of the Constitution of North Dakota is 25 amended and reenacted as follows: 26 Section 16. Any city, county, township, town, school district, or any other political 27 subdivision incurring indebtedness shall, at or before the time of so doing, shall provide for the-28 collection of an annual taxrevenues sufficient to pay the interest and also the principal thereof 29 when due, and all laws or ordinances providing for the payment of the interest or principal of 30 any debt shall beare irrepealable until such debt be paid. A political subdivision may not issue

- 1 general obligation bonds secured with tax levied on the assessed value of property on or after
- 2 the effective date of this amendment.
- 3 **SECTION 5. AMENDMENT.** Section 27 of article X of the Constitution of North Dakota is
- 4 amended and reenacted as follows:
- 5 **Section 27**.
- The state and any county, township, city, or any other political subdivision of the state may
- 7 not impose any mortgage taxes or any sales or transfer taxes on the mortgage or transfer of
- 8 real property, except the state may impose a tax on the transfer of real property not to exceed
- 9 three percent of the full and true value of the real property.
- 10 **SECTION 6. REPEAL.** Sections 4, 5, 7, 9, and 10 of article X of the Constitution of North
- 11 Dakota are repealed.
- 12 **SECTION 7. EFFECTIVE DATE.** If approved by the voters, sections 1, 2, 3, and 6 of this
- 13 measure become effective on January 1, 2025.