

HOUSE BILL NO. 1430

Introduced by

Representative Wilkie

Senator Kelsh

1 A BILL for an Act to create and enact a new section to chapter 21-03 and a new section to
2 chapter 57-38 of the North Dakota Century Code, relating to payment of a portion of school
3 district bonds with proceeds of a school district income tax and school board authority to
4 impose income taxes for individuals, estates, and trusts; and to provide an effective date.

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

6 **SECTION 1.** A new section to chapter 21-03 of the North Dakota Century Code is
7 created and enacted as follows:

8 **School districts - Use of school district income tax proceeds to pay a portion of**
9 **bond principal and interest.**

- 10 1. In combination with the method provided by this chapter for bond issuance and
11 payment, a school district may provide under this section for payment of a portion
12 of the principal and interest of bonds of the school district with revenues from a
13 school district income tax.
- 14 2. For imposition of a school district income tax under this section, the initial
15 resolution or petition providing for the issuance of bonds of a school district must
16 provide that an approximate stated percentage of the principal and interest on the
17 bonds is to be payable from the proceeds of a school district income tax. The
18 initial resolution or petition must state that if the issuance of bonds and the
19 payment of a portion of principal and interest through income tax revenues is
20 approved, the income tax is imposed upon all taxpayers residing in the district.
- 21 3. If the issuance of bonds and imposition of a school district income tax is approved
22 under this section, imposition of the tax will be as provided in section 2 of this Act.
- 23 4. The revenue from a school district income tax imposed under this section must be
24 applied to payment of principal and interest on the bonds. Ad valorem taxes

imposed upon property within the school district are ultimately responsible for payment of all principal and interest on the bonds. Any deficiency in revenues from the school district income tax imposed under this section must be provided for by levy of sufficient ad valorem taxes against property within the district.

SECTION 2. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

School district income tax.

1. The school board of any school district in which a bond issue under section 1 of this Act has been approved may impose an income tax on the residents of the district. If a tax is imposed under this section, it must be imposed at the rate determined under this section as a percentage of the tax liability otherwise determined under this chapter of each individual, estate, and trust that is a resident of the district.
2. The tax commissioner shall collect taxes imposed under this section. The provisions of this chapter govern administration of the tax imposed under this section, including provisions imposing penalties for noncompliance. The tax commissioner shall include necessary space on state individual income tax return forms to provide for reporting and collection of taxes imposed under this section.
3. Before October first of any year for which a school board imposes a tax under this section, the school board shall certify the imposition and rate of the tax to the tax commissioner. A tax under this section may be imposed retroactively to the beginning of the taxable year of taxpayers during which the tax is imposed.
4. A school board imposing a tax under this section shall obtain an estimate from the tax commissioner of the aggregate tax liability under this chapter of all taxpayers in the district in the previous year. The school board shall determine the amount of school district income tax revenue required for payment of bond principal and interest under section 1 of this Act and determine the percentage, rounded to the nearest one-hundredth of one percent, that amount is of the aggregate tax liability under this chapter of all taxpayers in the district in the previous year. The percentage determined is the rate of school district income tax which must be

1 imposed as a surtax on the tax liability under this chapter of taxpayers within the
2 district for the taxable year.

3 5. The tax commissioner shall certify to the state treasurer the amount of taxes
4 collected from taxpayers in each school district under this section and the state
5 treasurer shall distribute the funds to the appropriate school districts.

6 **SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
7 December 31, 1996.