

HOUSE BILL NO. 1182

Introduced by

Representatives Keiser, Delmore, Wieland

Senator J. Lee

1 A BILL for an Act to create and enact a new section to chapter 57-15 of the North Dakota
2 Century Code, relating to authorization of political subdivision tax levy for insurance reserve
3 fund and use for county workers' compensation premiums; to amend and reenact section
4 52-09-08, subsection 3 of section 54-52-05, subdivision a of subsection 2 of section 57-15-01.1,
5 subsection 1 of section 57-15-06.10, section 57-15-12, subdivision e of subsection 1 of section
6 57-15-14.2, and section 57-15-28.1 of the North Dakota Century Code, relating to political
7 subdivision tax levy for insurance reserve fund; and to repeal section 32-12.1-08 of the North
8 Dakota Century Code, relating to authorization of political subdivision tax levy for insurance
9 reserve fund.

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

11 **SECTION 1. AMENDMENT.** Section 52-09-08 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **52-09-08. Default in taxes - Interest - Action to collect - Levy of tax by political**
14 **subdivisions.** Taxes unpaid on the date on which they are due and payable, as prescribed by
15 the bureau, must bear interest at the rate of one-half of one per centum per month from and
16 after that date until payment plus accrued interest is received by the bureau; provided, that the
17 bureau may prescribe fair and reasonable regulations pursuant to which interest does not
18 accrue with respect to taxes required. The amount of interest imposed may not be less than
19 five dollars. Interest collected pursuant to this section must be paid into the old-age and
20 survivors' fund. A political subdivision, except a school district, a multidistrict special education
21 board, or a center board of an area career and technology center, shall levy a tax sufficient to
22 meet its obligations under this chapter, up to a maximum levy not exceeding the limitation in
23 section 57-15-28.1 or, for counties, the limitation in subsection 36 of section 57-15-06.7. Within
24 the levy limitations set out in subsection ~~6~~ 5 of section 57-15-28.1 and subsection 36 of section

1 57-15-06.7, the governing body of a county may levy a tax for comprehensive health care
2 insurance employee benefit programs duly established by the governing body. Any obligations
3 under this chapter over and above the amount raised by the maximum levy permitted in this
4 section must be paid out of the general fund of the political subdivision. All payments by a
5 school district for obligations incurred under this chapter must be made out of the school
6 district's general fund established pursuant to section 57-15-14.2.

7 **SECTION 2. AMENDMENT.** Subsection 3 of section 54-52-05 of the North Dakota
8 Century Code is amended and reenacted as follows:

9 3. Each employer, at its option, may pay all or a portion of the employee contributions
10 required by subsection 2 and sections 54-52-06.1, 54-52-06.2, and 54-52-06.3 or
11 the employee contributions required to purchase service credit on a pretax basis
12 pursuant to subsection 6 of section 54-52-17.4. Employees may not receive the
13 contributed amounts directly once the employer has elected to pay the employee
14 contributions. The amount paid must be paid by the employer in lieu of
15 contributions by the employee. If the state determines not to pay the contributions,
16 the amount that would have been paid must continue to be deducted from the
17 employee's compensation. If contributions are paid by the employer, they must be
18 treated as employer contributions in determining tax treatment under this code and
19 the federal Internal Revenue Code. If contributions are paid by the employer, they
20 may not be included as gross income of the employee in determining tax treatment
21 under this code and the Internal Revenue Code until they are distributed or made
22 available. The employer shall pay these employee contributions from the same
23 source of funds used in paying compensation to the employee or from the levy
24 authorized by subsection ~~5~~ 4 of section 57-15-28.1. The employer shall pay these
25 contributions by effecting an equal cash reduction in the gross salary of the
26 employee or by an offset against future salary increases or by a contribution of a
27 reduction in gross salary and offset against future salary increases. If employee
28 contributions are paid by the employer, they must be treated for the purposes of
29 this chapter in the same manner and to the same extent as employee contributions
30 made prior to the date on which employee contributions were assumed by the

1 employer. An employer exercising its option under this subsection shall report its
2 choice to the board in writing.

3 **SECTION 3. AMENDMENT.** Subdivision a of subsection 2 of section 57-15-01.1 of the
4 North Dakota Century Code is amended and reenacted as follows:

5 a. "Base year" means the taxing district's taxable year with the highest amount
6 levied in dollars in property taxes of the three taxable years immediately
7 preceding the budget year. For a park district general fund the "amount levied
8 in dollars in property taxes" is the sum of amounts levied in dollars in property
9 taxes for the general fund under section 57-15-12 including any additional
10 levy approved by the electors, the insurance reserve fund under section
11 ~~32-12-1-08~~ 8 of this Act, the employee health care program under section
12 40-49-12, the public recreation system under section 40-55-09 including any
13 additional levy approved by the electors, forestry purposes under
14 section 57-15-12.1 except any additional levy approved by the electors, pest
15 control under section 4-33-11, and handicapped person programs and
16 activities under section 57-15-60;

17 **SECTION 4. AMENDMENT.** Subsection 1 of section 57-15-06.10 of the North Dakota
18 Century Code is amended and reenacted as follows:

19 1. In lieu of determining its general fund levy limitation under section 57-15-01.1 or
20 57-15-06, a county may determine its general fund levy authority as provided in
21 this section. A county may consolidate the levies provided for under sections
22 4-02-26, 4-02-27, 4-02-27.1, 4-02-27.2, 4-02-37, 4-08-15, 4-08-15.1, 4-16-02,
23 4-33-11, 11-11-24, 11-11-53, 11-11-60, 11-11-65, 11-11.1-06, 11-28-06, 18-07-01,
24 24-05-01, ~~32-12-1-08~~, 40-38-02, 40-57.2-04, 49-17.2-21, 52-09-08, 57-15-06.4,
25 57-15-06.5, 57-15-06.6, 57-15-06.9, 57-15-10.1, 57-15-27.2, 57-15-54, 57-15-59,
26 section 8 of this Act, 57-47-04, 61-04.1-26, and 63-01.1-06 with its general fund
27 levy under section 57-15-06 to provide for a county general fund levy which may
28 not exceed one hundred thirty-four mills on the dollar of taxable valuation of the
29 county. A county that elects to determine its general fund levy authority under this
30 section may not impose separate levies under the sections listed in this subsection
31 and may not increase the number of mills levied in any one year over the number

1 levied in the previous year by more than the increase in the consumer price index
2 for all urban consumers, all items, United States city average, as completed by the
3 United States department of labor, bureau of labor statistics.

4 **SECTION 5. AMENDMENT.** Section 57-15-12 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **57-15-12. General fund levy limitations in park districts.** The aggregate amount
7 levied for park district general fund purposes, exclusive of levies to pay interest on bonded debt
8 and levies to pay and discharge the principal thereof, and levies to pay the principal and interest
9 on special assessments assessed and levied against park board properties by other
10 municipalities, may not exceed the sum of the number of mills levied by the park district in
11 taxable year 2000 for the general fund under section 57-15-12 including any additional levy
12 approved by the electors, the insurance reserve fund under section ~~32-12.1-08~~ 8 of this Act, the
13 employee health care program under section 40-49-12, the public recreation system under
14 section 40-55-09 including any additional levy approved by the electors, forestry purposes
15 under section 57-15-12.1 except any additional levy approved by the electors, pest control
16 under section 4-33-11, and handicapped person programs and activities under section
17 57-15-60. A park district may increase its general fund levy under this section to any number of
18 mills approved by a majority of the electors of the park district voting on the question at a
19 regular or special park district election, up to a maximum levy under this section of thirty-five
20 mills on the dollar of the taxable valuation of the district for the current year.

21 **SECTION 6. AMENDMENT.** Subdivision e of subsection 1 of section 57-15-14.2 of the
22 North Dakota Century Code is amended and reenacted as follows:

23 e. The establishment and maintenance of an insurance reserve fund for
24 insurance purposes as provided in section ~~32-12.1-08~~ 8 of this Act.

25 **SECTION 7. AMENDMENT.** Section 57-15-28.1 of the North Dakota Century Code is
26 amended and reenacted as follows:

27 **57-15-28.1. Exceptions to tax levy limitations in political subdivisions.** The tax
28 levy limitations specified by law do not apply to the following mill levies, expressed in mills per
29 dollar of taxable valuation of property in the political subdivision. For purposes of this section,
30 "political subdivision" has the same meaning as in section 32-12.1-02.

- 1 1. A political subdivision, except a park district, levying a tax for the control of pests in
2 accordance with section 4-33-11 may levy a tax not exceeding one mill.
- 3 2. ~~A political subdivision, except a school district or park district, levying a tax for an~~
4 ~~insurance reserve fund according to section 32-12.1-08 may levy a tax not~~
5 ~~exceeding five mills.~~
- 6 ~~3.~~ A political subdivision, except a school district, levying a tax for the payment of a
7 judgment in accordance with section 32-12.1-11 may levy a tax not exceeding five
8 mills.
- 9 ~~4.~~ 3. A political subdivision levying a tax for railroad purposes in accordance with section
10 49-17.2-21 may levy a tax not exceeding four mills.
- 11 ~~5.~~ 4. A political subdivision, except a school district or county, levying a tax for old-age
12 and survivors' insurance according to section 52-09-08, for social security, or for an
13 employee retirement program established by the governing body, or for any
14 combination of those purposes, may levy a tax not exceeding thirty mills.
- 15 ~~6.~~ 5. A county levying a tax for comprehensive health care insurance employee benefit
16 programs in accordance with section 52-09-08 may levy a tax not exceeding four
17 mills and the limitation in subsection 36 of section 57-15-06.7.

18 **SECTION 8.** A new section to chapter 57-15 of the North Dakota Century Code is
19 created and enacted as follows:

20 **Authorization of tax levy for insurance reserve fund.**

- 21 1. A political subdivision as defined under section 32-12.1-02, other than a school
22 district or park district, may establish and maintain an insurance reserve fund for
23 insurance purposes as authorized under chapter 32-12.1. Additionally, a county
24 may establish and maintain an insurance reserve fund for the purpose of funding
25 the county's workers' compensation premiums paid to the workforce safety and
26 insurance fund under title 65.
- 27 2. All political subdivisions, including school districts and park districts, may include in
28 the annual tax levy of the political subdivision such amounts as are determined by
29 the governing body to be necessary for the purposes and uses of the insurance
30 reserve fund. The tax levy authorized by this section may not exceed five mills,
31 except a levy by a school district or park district must be within the general fund

1 levy authority of the school district or park district. If a political subdivision has no
2 annual tax levy, the political subdivision may appropriate from any unexpended
3 balance in its general fund such amounts as the governing body of the political
4 subdivision determines necessary for the purposes and uses of the insurance
5 reserve fund under this section.

6 3. Except for school districts or park districts, a political subdivision that establishes
7 an insurance reserve fund under this section shall keep the insurance reserve fund
8 separate and apart from all other funds and may use the fund for the payment of
9 the county's workers' compensation premiums paid to the workforce safety and
10 insurance fund, claims against the political subdivision which have been settled or
11 compromised, judgments rendered against the political subdivision for injuries
12 arising out of risks established by this chapter, or costs incurred in the defense of
13 claims. Payments by a school district or park district for the same purposes must
14 be made out of the political subdivision's general fund.

15 **SECTION 9. REPEAL.** Section 32-12.1-08 of the North Dakota Century Code is
16 repealed.