

**HOUSE BILL NO. 1366**

Introduced by

Representatives J. Kelsh, Kilichowski, Kretschmar

Senators Dotzenrod, Krauter, Nodland

1 A BILL for an Act to amend and reenact section 57-39.2-26.1 of the North Dakota Century  
2 Code, relating to the share of sales, gross receipts, use, and motor vehicle excise tax  
3 collections allocated to the state aid distribution fund; to provide an effective date; and to  
4 provide an expiration date.

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

6 **SECTION 1. AMENDMENT.** Section 57-39.2-26.1 of the North Dakota Century Code  
7 is amended and reenacted as follows:

8 **57-39.2-26.1. Allocation of revenues among political subdivisions.**

9 Notwithstanding any other provision of law, a portion of sales, gross receipts, use, and motor  
10 vehicle excise tax collections, equal to ~~forty~~ fifty percent of an amount determined by multiplying  
11 the quotient of one percent divided by the general sales tax rate, that was in effect when the  
12 taxes were collected, times the net sales, gross receipts, use, and motor vehicle excise tax  
13 collections under chapters 57-39.2, 57-39.5, 57-39.6, 57-40.2, and 57-40.3 must be deposited  
14 by the state treasurer in the state aid distribution fund. The state tax commissioner shall certify  
15 to the state treasurer the portion of sales, gross receipts, use, and motor vehicle excise tax net  
16 revenues that must be deposited in the state aid distribution fund as determined under this  
17 section. Revenues deposited in the state aid distribution fund are provided as a standing and  
18 continuing appropriation and must be allocated as follows:

- 19 1. Fifty-three and seven-tenths percent of the revenues must be allocated to counties  
20 in the first month after each quarterly period as provided in this subsection.
- 21 a. Sixty-four percent of the amount must be allocated among the seventeen  
22 counties with the greatest population, in the following manner:
- 23 (1) Thirty-two percent of the amount must be allocated equally among the  
24 counties; and

- 1                   (2)    The remaining amount must be allocated based upon the proportion  
2                                   each such county's population bears to the total population of all such  
3                                   counties.
- 4                   b.    Thirty-six percent of the amount must be allocated among all counties,  
5                                   excluding the seventeen counties with the greatest population, in the following  
6                                   manner:
- 7                   (1)    Forty percent of the amount must be allocated equally among the  
8                                   counties; and
- 9                   (2)    The remaining amount must be allocated based upon the proportion  
10                                  each such county's population bears to the total population of all such  
11                                  counties.
- 12                   A county shall deposit all revenues received under this subsection in the county  
13                                  general fund. Each county shall reserve a portion of its allocation under this  
14                                  subsection for further distribution to, or expenditure on behalf of, townships, rural  
15                                  fire protection districts, rural ambulance districts, soil conservation districts, county  
16                                  recreation service districts, county hospital districts, the Garrison Diversion  
17                                  Conservancy District, the southwest water authority, and other taxing districts  
18                                  within the county, excluding school districts, cities, and taxing districts within cities.  
19                   The share of the county allocation under this subsection to be distributed to a  
20                                  township must be equal to the percentage of the county share of state aid  
21                                  distribution fund allocations that township received during calendar year 1996. The  
22                                  governing boards of the county and township may agree to a different distribution.
- 23                   2.    Forty-six and three-tenths percent of the revenues must be allocated to cities in the  
24                                  first month after each quarterly period as provided in this subsection.
- 25                   a.    Nineteen and four-tenths percent of the amount must be allocated among  
26                                  cities with a population of eighty thousand or more, based upon the proportion  
27                                  each city's population bears to the total population of all such cities.
- 28                   b.    Thirty-four and five-tenths percent of the amount must be allocated among  
29                                  cities with a population of twenty thousand or more but fewer than eighty  
30                                  thousand, based upon the proportion each such city's population bears to the  
31                                  total population of all such cities.

- 1           c. Sixteen percent of the amount must be allocated among cities with a  
2           population of ten thousand or more but fewer than twenty thousand, based  
3           upon the proportion each such city's population bears to the total population  
4           of all such cities.
- 5           d. Four and nine-tenths percent of the amount must be allocated among cities  
6           with a population of five thousand or more but fewer than ten thousand, based  
7           upon the proportion each such city's population bears to the total population  
8           of all such cities.
- 9           e. Thirteen and one-tenth percent of the amount must be allocated among cities  
10          with a population of one thousand or more but fewer than five thousand,  
11          based upon the proportion each such city's population bears to the total  
12          population of all such cities.
- 13          f. Six and one-tenth percent of the amount must be allocated among cities with  
14          a population of five hundred or more but fewer than one thousand, based  
15          upon the proportion each such city's population bears to the total population  
16          of all such cities.
- 17          g. Three and four-tenths percent of the amount must be allocated among cities  
18          with a population of two hundred or more but fewer than five hundred, based  
19          upon the proportion each such city's population bears to the total population  
20          of all such cities.
- 21          h. Two and six-tenths percent of the amount must be allocated among cities with  
22          a population of fewer than two hundred, based upon the proportion each such  
23          city's population bears to the total population of all such cities.
- 24          A city shall deposit all revenues received under this subsection in the city general  
25          fund. Each city shall reserve a portion of its allocation under this subsection for  
26          further distribution to, or expenditure on behalf of, park districts and other taxing  
27          districts within the city, excluding school districts. The share of the city allocation  
28          under this subsection to be distributed to a park district must be equal to the  
29          percentage of the city share of state aid distribution fund allocations that park  
30          district received during calendar year 1996, up to a maximum of thirty percent. The  
31          governing boards of the city and park district may agree to a different distribution.

1           **SECTION 2. AMENDMENT.** Section 57-39.2-26.1 of the North Dakota Century Code  
2 is amended and reenacted as follows:

3           **57-39.2-26.1. Allocation of revenues among political subdivisions.**

4 Notwithstanding any other provision of law, a portion of sales, gross receipts, use, and motor  
5 vehicle excise tax collections, equal to ~~forty~~ sixty percent of an amount determined by  
6 multiplying the quotient of one percent divided by the general sales tax rate, that was in effect  
7 when the taxes were collected, times the net sales, gross receipts, use, and motor vehicle  
8 excise tax collections under chapters 57-39.2, 57-39.5, 57-39.6, 57-40.2, and 57-40.3 must be  
9 deposited by the state treasurer in the state aid distribution fund. The state tax commissioner  
10 shall certify to the state treasurer the portion of sales, gross receipts, use, and motor vehicle  
11 excise tax net revenues that must be deposited in the state aid distribution fund as determined  
12 under this section. Revenues deposited in the state aid distribution fund are provided as a  
13 standing and continuing appropriation and must be allocated as follows:

- 14           1. Fifty-three and seven-tenths percent of the revenues must be allocated to counties  
15           in the first month after each quarterly period as provided in this subsection.
- 16           a. Sixty-four percent of the amount must be allocated among the seventeen  
17           counties with the greatest population, in the following manner:
- 18               (1) Thirty-two percent of the amount must be allocated equally among the  
19               counties; and
- 20               (2) The remaining amount must be allocated based upon the proportion  
21               each such county's population bears to the total population of all such  
22               counties.
- 23           b. Thirty-six percent of the amount must be allocated among all counties,  
24           excluding the seventeen counties with the greatest population, in the following  
25           manner:
- 26               (1) Forty percent of the amount must be allocated equally among the  
27               counties; and
- 28               (2) The remaining amount must be allocated based upon the proportion  
29               each such county's population bears to the total population of all such  
30               counties.

- 1 A county shall deposit all revenues received under this subsection in the county  
2 general fund. Each county shall reserve a portion of its allocation under this  
3 subsection for further distribution to, or expenditure on behalf of, townships, rural  
4 fire protection districts, rural ambulance districts, soil conservation districts, county  
5 recreation service districts, county hospital districts, the Garrison Diversion  
6 Conservancy District, the southwest water authority, and other taxing districts  
7 within the county, excluding school districts, cities, and taxing districts within cities.  
8 The share of the county allocation under this subsection to be distributed to a  
9 township must be equal to the percentage of the county share of state aid  
10 distribution fund allocations that township received during calendar year 1996. The  
11 governing boards of the county and township may agree to a different distribution.
- 12 2. Forty-six and three-tenths percent of the revenues must be allocated to cities in the  
13 first month after each quarterly period as provided in this subsection.
- 14 a. Nineteen and four-tenths percent of the amount must be allocated among  
15 cities with a population of eighty thousand or more, based upon the proportion  
16 each city's population bears to the total population of all such cities.
- 17 b. Thirty-four and five-tenths percent of the amount must be allocated among  
18 cities with a population of twenty thousand or more but fewer than eighty  
19 thousand, based upon the proportion each such city's population bears to the  
20 total population of all such cities.
- 21 c. Sixteen percent of the amount must be allocated among cities with a  
22 population of ten thousand or more but fewer than twenty thousand, based  
23 upon the proportion each such city's population bears to the total population  
24 of all such cities.
- 25 d. Four and nine-tenths percent of the amount must be allocated among cities  
26 with a population of five thousand or more but fewer than ten thousand, based  
27 upon the proportion each such city's population bears to the total population  
28 of all such cities.
- 29 e. Thirteen and one-tenth percent of the amount must be allocated among cities  
30 with a population of one thousand or more but fewer than five thousand,

1 based upon the proportion each such city's population bears to the total  
2 population of all such cities.

3 f. Six and one-tenth percent of the amount must be allocated among cities with  
4 a population of five hundred or more but fewer than one thousand, based  
5 upon the proportion each such city's population bears to the total population  
6 of all such cities.

7 g. Three and four-tenths percent of the amount must be allocated among cities  
8 with a population of two hundred or more but fewer than five hundred, based  
9 upon the proportion each such city's population bears to the total population  
10 of all such cities.

11 h. Two and six-tenths percent of the amount must be allocated among cities with  
12 a population of fewer than two hundred, based upon the proportion each such  
13 city's population bears to the total population of all such cities.

14 A city shall deposit all revenues received under this subsection in the city general  
15 fund. Each city shall reserve a portion of its allocation under this subsection for  
16 further distribution to, or expenditure on behalf of, park districts and other taxing  
17 districts within the city, excluding school districts. The share of the city allocation  
18 under this subsection to be distributed to a park district must be equal to the  
19 percentage of the city share of state aid distribution fund allocations that park  
20 district received during calendar year 1996, up to a maximum of thirty percent. The  
21 governing boards of the city and park district may agree to a different distribution.

22 **SECTION 3. EFFECTIVE DATE - EXPIRATION DATE.** Section 1 of this Act is  
23 effective for taxable events occurring after June 30, 2009, and before July 1, 2011, and is  
24 thereafter ineffective. Section 2 of this Act is effective for taxable events occurring after  
25 June 30, 2011.