

**HOUSE CONCURRENT RESOLUTION NO. 3046**

Introduced by

Representatives Ruby, Thoreson

Senator Miller

1 A concurrent resolution for the amendment of sections 1, 4, 14, 15, and 16 of article X of the  
2 Constitution of North Dakota, relating to elimination of property taxes; to repeal sections 5, 6, 7,  
3 9, and 10 of article X of the Constitution of North Dakota, relating to elimination of property  
4 taxes, poll taxes, and acreage taxes; and to provide an effective date.

5 **STATEMENT OF INTENT**

6 This measure prohibits imposition of property taxes, poll taxes, and acreage taxes in the state  
7 effective January 1, 2012.

8 **BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF NORTH DAKOTA, THE**  
9 **SENATE CONCURRING THEREIN:**

10 That the following proposed amendments to sections 1, 4, 14, 15, and 16 of article X  
11 and repeal of sections 5, 6, 7, 9, and 10 of article X of the Constitution of North Dakota are  
12 agreed to and must be submitted to the qualified electors of North Dakota at the general  
13 election to be held in 2010, in accordance with section 16 of article IV of the Constitution of  
14 North Dakota.

15 **SECTION 1. AMENDMENT.** Section 1 of article X of the Constitution of North Dakota  
16 is amended and reenacted as follows:

17 **Section 1.** The legislative assembly ~~shall be~~ and all political subdivisions are prohibited  
18 from raising revenue to defray the expenses of the state or political subdivisions through the  
19 levying of a tax on the assessed value of real or personal property.

20 **SECTION 2. AMENDMENT.** Section 4 of article X of the Constitution of North Dakota  
21 is amended and reenacted as follows:

22 **Section 4.** ~~All taxable property except as hereinafter in this section provided, shall be~~  
23 ~~assessed in the county, city, township, village or district in which it is situated, in the manner~~  
24 ~~prescribed by law. The property, including franchises of all railroads operated in this state, and~~  
25 ~~of all express companies, freight line companies, dining car companies, sleeping car~~

1 ~~companies, car equipment companies, or private car line companies, telegraph or telephone~~  
2 ~~companies, the property of any person, firm or corporation used for the purpose of furnishing~~  
3 ~~electric light, heat or power, or in distributing the same for public use, and the property of any~~  
4 ~~other corporation, firm or individual now or hereafter operating in this state, and used directly or~~  
5 ~~indirectly in the carrying of persons, property or messages, shall be assessed by the state~~  
6 ~~board of equalization in a manner prescribed by such state board or commission as may be~~  
7 ~~provided by law. But should any railroad allow any portion of its railway to be used for any~~  
8 ~~purpose other than the operation of a railroad thereon, such portion of its railway, while so used~~  
9 ~~shall be assessed in a manner provided for the assessment of other real property.~~

- 10       1. Taxes upon real property which were used before 2012 to fund the operations of  
11       counties, cities, townships, school districts, park districts, water districts, irrigation  
12       districts, fire protection districts, soil conservation districts, and other political  
13       subdivisions with authority to levy property taxes must be replaced with revenues  
14       from the proceeds of state sales taxes, individual and corporate income taxes, oil  
15       and gas production and extraction taxes, tobacco taxes, lottery revenues, financial  
16       institutions taxes, and other state resources.
- 17       2. The legislative assembly shall direct as much oil and gas production and extraction  
18       tax, tobacco tax, lottery revenue, and financial institutions tax as necessary to fund  
19       the share of elementary and secondary education not funded through state  
20       revenue sources before 2012. The state cannot condition the expenditure of this  
21       portion of elementary and secondary education funding in any manner and school  
22       boards have sole discretion in how to allocate the expenditure of this portion of the  
23       elementary and secondary funding provided.
- 24       3. The legislative assembly shall direct a share of sales taxes, individual and  
25       corporate income taxes, insurance premium taxes, alcoholic beverage taxes,  
26       mineral leasing fees, and gaming taxes and any oil and gas production and  
27       extraction taxes, tobacco taxes, lottery revenues, and financial institutions taxes  
28       not allocated to elementary and secondary schools to counties, cities, and other  
29       political subdivisions according to a formula devised by the legislative assembly to  
30       fully and properly fund the legally imposed obligations of the counties, cities,  
31       townships, and other political subdivisions. The allocation of the amount

1           determined by the legislative assembly must be provided to the governing bodies  
2           of counties, cities, townships, and other political subdivisions. How counties, cities,  
3           townships, and other political subdivisions choose to allocate the expenditures of  
4           this revenue is at the sole direction of the governing bodies of counties, cities,  
5           townships, and other political subdivisions.

6           **SECTION 3. AMENDMENT.** Section 14 of article X of the Constitution of North Dakota  
7 is amended and reenacted as follows:

8           **Section 14.**

- 9           1. Notwithstanding any other provision in the constitution, and for the purpose of  
10           promoting the economic growth of the state, the development of its natural  
11           resources, and the prosperity and welfare of its people, the state may issue bonds  
12           and use the proceeds thereof to make loans to privately or cooperatively owned  
13           enterprises to plan, construct, acquire, equip, improve, and extend facilities for  
14           converting natural resources into power and generating and transmitting such  
15           power, and to acquire real and personal property and water and mineral rights  
16           needed for such facilities.
- 17           2. The state may issue general obligation bonds for this purpose to an amount which,  
18           with all outstanding general obligation bonds, less the amount of all money on  
19           hand and taxes in process of collection which are appropriated for their payment,  
20           will not exceed five percent of the ~~full and true~~ market value of all of the ~~taxable~~  
21           property in the state, to be ascertained by the last assessment made for state and  
22           county purposes: ~~but nothing herein shall.~~ The provision does not increase or  
23           diminish the limitations established by other provisions of the constitution on the  
24           amount of bonds therein authorized to be issued.
- 25           3. The state may also issue revenue bonds for the purpose of providing part or all of  
26           the funds required for any project undertaken under subsection 1, payable solely  
27           from sums realized from payments of principal and interest on money loaned for  
28           such project, and from other similar projects if so determined by the ~~legislature~~  
29           legislative assembly, and from the liquidation of security given for such payments.  
30           Revenue bonds issued for any project shall not exceed the cost thereof, including

1 all expenses reasonably incurred to complete and finance the project, but shall not  
2 be subject to any other limitation of amount.

3 4. The full faith and credit of the state shall be pledged for the prompt and full  
4 payment of all bonds issued under subsection 2. Its obligation with respect to  
5 bonds issued under subsection 3 shall be limited to the prompt and full  
6 performance of such covenants as the ~~legislature~~ legislative assembly may  
7 authorize to be made respecting the enforcing of the provisions of underlying loan  
8 agreements and the segregation, accounting, and application of bond proceeds  
9 and of loan payments and other security pledged for the payment of the bonds. All  
10 bonds authorized by subsections 1 to 3, inclusive, shall mature within forty years  
11 from their respective dates of issue, but may be refunded at or before maturity in  
12 such manner and for such term and upon such conditions as the ~~legislature~~  
13 legislative assembly may direct. Any such bonds may, but need not be, secured  
14 by mortgage upon real or personal property acquired with the proceeds of the  
15 same or any other issue of general obligation or revenue bonds, or upon other  
16 property mortgaged by the debtor. Pledges of revenues and mortgages of property  
17 securing bonds of any issue may be prior or subordinate to or on a parity with  
18 pledges and mortgages securing any other issue of general obligation or revenue  
19 bonds, as determined by the ~~legislature~~ legislative assembly from time to time in  
20 conformity with any provisions made for the security of outstanding bonds.

21 5. The ~~legislature~~ legislative assembly shall pass such laws as are appropriate to  
22 implement this amendment.

23 6. If any subsection of this amendment, or any part of a subsection, or any application  
24 thereof to particular circumstances should be held invalid for any reason, such  
25 invalidity shall not affect the validity of all remaining provisions of this amendment  
26 which may be given effect without that which is declared invalid, as applied to any  
27 circumstances and for this purpose all subsections and parts of subsections and  
28 applications thereof are declared to be severable.

29 **SECTION 4. AMENDMENT.** Section 15 of article X of the Constitution of North Dakota  
30 is amended and reenacted as follows:

1           **Section 15.** The debt of any county, township, city, ~~town~~, school district, or any other  
2 political subdivision, shall never exceed five per centum upon the ~~assessed~~ market value of the  
3 ~~taxable~~ property therein; provided that any incorporated city may, by a two-thirds vote, increase  
4 such indebtedness three per centum on such ~~assessed~~ market value beyond said five per  
5 centum limit, and a school district, by a majority vote may increase such indebtedness five  
6 percent on such ~~assessed~~ market value beyond said five per centum limit; provided also that  
7 any county or city by a majority vote may issue bonds upon any revenue-producing utility  
8 owned by such county or city, or for the purchasing or acquiring the same or building or  
9 establishment thereof, in amounts not exceeding the physical value of such utility, industry or  
10 enterprise.

11           In estimating the indebtedness which a city, county, township, school district, or any  
12 other political subdivision may incur, the entire amount, exclusive of the bonds upon said  
13 revenue-producing utilities, whether contracted prior or subsequent to the adoption of this  
14 constitution, shall be included; provided further that any incorporated city may become indebted  
15 in any amount not exceeding four per centum of such ~~assessed~~ market value without regard to  
16 the existing indebtedness of such city for the purpose of constructing or purchasing waterworks  
17 for furnishing a supply of water to the inhabitants of such city, or for the purpose of constructing  
18 sewers, and for no other purposes whatever. All bonds and obligations in excess of the amount  
19 of indebtedness permitted by this constitution, given by any city, county, township, ~~town~~, school  
20 district, or any other political subdivision shall be void.

21           **SECTION 5. AMENDMENT.** Section 16 of article X of the Constitution of North Dakota  
22 is amended and reenacted as follows:

23           **Section 16.** Any city, county, township, ~~town~~, school district, or any other political  
24 subdivision incurring indebtedness shall, at or before the time of so doing, provide for ~~the~~  
25 ~~collection of an~~ annual ~~tax~~ revenues sufficient to pay the interest and also the principal thereof  
26 when due, and all laws or ordinances providing for the payment of the interest or principal of  
27 any debt shall be irrevocable until such debt be paid.

28           **SECTION 6. REPEAL.** Sections 5, 6, 7, 9, and 10 of article X of the Constitution of  
29 North Dakota are repealed.

30           **SECTION 7. EFFECTIVE DATE.** If approved by the voters, this measure becomes  
31 effective on January 1, 2012.