

Sixty-third
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1198

Introduced by

Representatives Headland, Brandenburg, Pollert

Senator Wanzek

1 A BILL for an Act to create and enact section 57-20-07.2 of the North Dakota Century Code,
2 relating to a state-paid property tax relief credit; to amend and reenact sections 57-20-07.1,
3 57-20-09, and 57-20-21.1, ~~57-51.1-07.5, 57-64-02, and 57-64-03~~ of the North Dakota Century
4 Code, relating to property tax statement information to identify legislative property tax relief for
5 the subject property, priority for delinquent taxes, and the discount for early payment of property
6 taxes, ~~deposits of the state's share of oil and gas taxes and property tax relief through allocation~~
7 ~~of state funding to school districts for mill levy reduction grants~~; to provide an appropriation; ~~to~~
8 ~~provide for a transfer~~; and to provide an effective date.

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

10 **SECTION 1. AMENDMENT.** Section 57-20-07.1 of the North Dakota Century Code is
11 amended and reenacted as follows:

12 **57-20-07.1. County treasurer to mail real estate tax statement - Contents of statement.**

13 On or before December twenty-sixth of each year, the county treasurer shall mail a real
14 estate tax statement to the owner of each parcel of real property at the owner's last-known
15 address. The statement must be provided in a manner that allows the taxpayer to retain a
16 printed record of the obligation for payment of taxes and special assessments as provided in
17 the statement. If a parcel of real property is owned by more than one individual, the county
18 treasurer shall send only one statement to one of the owners of that property. Additional copies
19 of the tax statement will be sent to the other owners upon their request and the furnishing of
20 their names and addresses to the county treasurer. The tax statement must ~~include~~:

21 1. Include a dollar valuation of the true and full value as defined by law of the property
22 and the total mill levy applicable. ~~The tax statement must include~~

23 2. Include, or be accompanied by a separate sheet, with three columns showing, for the
24 taxable year to which the tax statement applies and the two immediately preceding

1 taxable years, the property tax levy in dollars against the parcel by the county and
2 school district and any city or township that levied taxes against the parcel.

3 3. Include, for the taxable year to which the tax statement applies and the two
4 immediately preceding taxable years, a line item identified as "legislative property tax
5 relief" showing the amount in dollars paid through legislative appropriation pursuant to
6 section 57-20-07.2 and chapter 57-64 or 15.1-27 against the property taxes levied
7 against the property.

8 Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the
9 discount privilege past the February fifteenth deadline.

10 **SECTION 2.** Section 57-20-07.2 of the North Dakota Century Code is created and enacted
11 as follows:

12 **57-20-07.2. State-paid property tax relief credit.**

- 13 1. The owner of taxable property is entitled to a credit against property taxes levied
14 against the total amount of property or mobile home taxes in dollars levied against the
15 taxable value of the property. The credit is equal to ~~seventeen~~eight and one-half
16 percent of property or mobile home taxes levied in dollars against that property.
- 17 2. The owner, operator, or lessee of railroad property assessed by the state board of
18 equalization under chapter 57-05 or public utility operative property assessed by the
19 state board of equalization under chapter 57-06 is entitled to a credit against property
20 taxes levied within each county against that property in the amount provided in
21 subsection 1 against property taxes levied in dollars against that property in that
22 county.
- 23 3. The owner, operator, or lessee of operative property of an air carrier transportation
24 company assessed and taxed under chapter 57-32 is entitled to a credit in the amount
25 provided in subsection 1 against property taxes in dollars levied against that property.
26 The tax commissioner shall determine the total amount of credits under this
27 subsection and certify the amount to the state treasurer for transfer from the general
28 fund to the air transportation fund. The credit for each air transportation company must
29 be allocated to each city or municipal airport authority where that company makes
30 regularly scheduled landings, in the same manner as the tax collected from that
31 company is allocated.

- 1 4. The tax commissioner shall determine the total amount of credits under this section for
2 each county from the abstract of the tax list filed by the county auditor under section
3 57-20-04, as audited and corrected by the tax commissioner. The tax commissioner
4 shall certify to the state treasurer for payment, by June first following receipt of the
5 abstract of the tax list, the amount determined for each county under this subsection.
6 No penalty or interest applies to any state payment under this section, regardless of
7 when the payment is made.
- 8 5. Upon receipt of the payment from the state treasurer under subsection 4, the county
9 treasurer shall apportion and distribute it to the county and the taxing districts in the
10 county on the basis on which the general real estate tax for the preceding year is
11 apportioned and distributed.
- 12 6. After payments to counties under subsection 4 have been made, the tax commissioner
13 shall certify to the state treasurer as necessary any supplemental amounts payable to
14 counties or the air transportation fund or any amounts that must be returned by
15 counties or returned from the air transportation fund for deposit in the state general
16 fund to correct any errors in payments or reflect any abatement or compromise of
17 taxes, court-ordered tax reduction or increase, or levy of taxes against omitted
18 property. The county auditor shall provide any supplemental information requested by
19 the tax commissioner after submission of the abstract of the tax list. The county
20 treasurer shall apply to the tax commissioner for any supplemental payments to which
21 the county treasurer believes the county is entitled.
- 22 7. Notwithstanding any other provision of law, for any property other than mobile homes,
23 the property tax credit under this section does not apply to any property subject to
24 payments or taxes that are stated by law to be in lieu of personal or real property
25 taxes.

26 **SECTION 3. AMENDMENT.** Section 57-20-09 of the North Dakota Century Code is
27 amended and reenacted as follows:

28 **57-20-09. Discount for early payment of tax.**

29 Except as provided in section 57-20-21.1, the county treasurer shall allow a five percent
30 discount to all taxpayers who shall pay all of the real estate taxes levied on any tract or parcel of
31 real property in any one year in full on or before February fifteenth prior to the date of

1 delinquency. Such discount applies, after deduction of any credit allowed under section
2 57-20-07.2, to the net remaining amount of all general real estate taxes levied for state, county,
3 city, township, school district, fire district, park district, and any other taxing districts but does not
4 apply to personal property taxes or special assessment installments. Whenever the board of
5 county commissioners, by resolution, determines that an emergency exists in the county by
6 virtue of weather or other catastrophe, it may extend the discount period for an additional thirty
7 days.

8 **SECTION 4. AMENDMENT.** Section 57-20-21.1 of the North Dakota Century Code is
9 amended and reenacted as follows:

10 **57-20-21.1. Priority for delinquent taxes.**

11 When payment is made for any real or personal property taxes or special assessments,
12 payments must be applied first to the oldest unpaid delinquent taxes or special assessments
13 due, if any, shown to exist upon the property for which the tax payments are made, including
14 any penalty and interest, except payments of state-paid property tax relief credit made by the
15 state must be applied to taxes for the year for which the state-paid property tax relief credit is
16 granted. The discounts applicable to payment of taxes set out in section 57-20-09 do not apply
17 to payment of taxes made on property upon which tax payments are delinquent.

18 ~~— **SECTION 5. AMENDMENT.** Section 57-51.1-07.5 of the North Dakota Century Code is~~
19 ~~amended and reenacted as follows:~~

20 ~~— **57-51.1-07.5. State share of oil and gas taxes -- Deposits.**~~

21 ~~— From the revenues designated for deposit in the state general fund under chapters 57-51-~~
22 ~~and 57-51.1, the state treasurer shall deposit the revenues received each biennium as follows:~~

23 ~~— 1. — The first two hundred million dollars into the state general fund;~~

24 ~~— 2. — The next threefour hundred forty oneforty eight million seven hundred ninety thousand~~
25 ~~dollars into the property tax relief sustainability fund;~~

26 ~~— 3. — The next one hundred million dollars into the state general fund;~~

27 ~~— 4. — The next one hundred million dollars into the strategic investment and improvements~~
28 ~~fund;~~

29 ~~— 5. — The next twenty-two million dollars into the state disaster relief fund; and~~

30 ~~— 6. — Any additional revenues into the strategic investment and improvements fund.~~

1 ~~— **SECTION 6. AMENDMENT.** Section 57-64-02 of the North Dakota Century Code is~~
2 ~~amended and reenacted as follows:~~

3 ~~— **57-64-02. Mill levy reduction allocation and grant.**~~

4 ~~— Each qualifying school district in the state is entitled to a mill levy reduction allocation and~~
5 ~~grant as provided in this chapter, subject to legislative appropriation to the superintendent of~~
6 ~~public instruction.~~

7 ~~— 1. The mill levy reduction allocation rate for each qualifying school district is equal to the~~
8 ~~payments to the school district based on the per student payment rate as determined~~
9 ~~for the school year under chapter 15.1-27.~~

10 ~~— 2. The grant to a qualifying school district may not exceed the smallest of:~~

11 ~~— a. The allocation determined under subsection 1;~~

12 ~~— b. The taxable valuation of property in the school district in the previous taxable-~~
13 ~~year times the number of mills determined by subtracting one hundred mills from~~
14 ~~the combined education mill rate of the school district for taxable year 2008; or~~

15 ~~— c. The is equal to the taxable valuation of property in the school district in the~~
16 ~~previous taxable year times seventy-five mills.~~

17 ~~— 3.2. The grant to a qualifying school district may not be less than the grant to that school~~
18 ~~district in the preceding school year.~~

19 ~~— 4.3. The grant to a qualifying school district may not exceed the grant to that school district~~
20 ~~in the preceding school year by a percentage that is more than the percentage~~
21 ~~increase in statewide taxable valuation which was determined for the previous taxable~~
22 ~~year.~~

23 ~~— 5. For purposes of this section, "taxable valuation" means the valuation to which the mill~~
24 ~~rate is applied to determine the amount of ad valorem taxes or payments in lieu of~~
25 ~~taxes, and includes taxable valuation determined for agricultural, residential, and~~
26 ~~commercial property; gas company property, pipeline property, power company~~
27 ~~property, and railroad property assessed by the state board of equalization under~~
28 ~~chapter 57-06; mobile homes under chapter 57-55; land controlled by the game and~~
29 ~~fish department subject to valuation under chapter 57-02.1; land owned by the board~~
30 ~~of university and school lands or the state treasurer subject to valuation under chapter~~
31 ~~57-02.3; national guard land subject to valuation under chapter 37-07.3; farmland or~~

1 ranchland owned by nonprofit organizations for conservation purposes subject to
2 valuation under section 10-06.1-10; land acquired by the state water commission for
3 the Devils Lake project subject to valuation under chapter 61-02; a workforce safety
4 and insurance building and associated real property subject to valuation under section
5 65-02-32; and carbon dioxide pipeline property subject to valuation under section
6 57-06-17.2. For purposes of this section, "taxable valuation" includes the taxable
7 valuation of the homestead credit reimbursed by the state under section 57-02-08.2
8 and the disabled veterans' credit reimbursed by the state under section 57-02-08.8.

9 ~~6.4.~~ The superintendent of public instruction shall report to each qualifying school district
10 by July fifteenth of each year the mill levy reduction grant in dollars available to that
11 school district during the upcoming school year.

12 ~~7.5.~~ By December first, January first, February first, and March first of each school year,
13 the superintendent of public instruction shall forward to each qualifying school district
14 installments equal to twenty-five percent of the total mill levy reduction grant the
15 district is eligible to receive during that school year.

16 ~~8.6.~~ Allocations to a school district under this chapter are not considered per student
17 payments or state aid for purposes of chapter 15.1-27.

18 ~~9.7.~~ For all purposes under law relating to allocation of funds among political subdivisions
19 based on property tax levies, property taxes levied by a school district are the amount
20 that would have been levied without the mill reduction grant provided to the school
21 district under this chapter.

22 ~~**SECTION 7. AMENDMENT.** Section 57-64-03 of the North Dakota Century Code is~~
23 ~~amended and reenacted as follows:~~

24 ~~**57-64-03. School district levy compliance.**~~

25 ~~1.~~ To be eligible to receive a grant under this chapter, a qualifying school district must
26 establish a spending level that does not result in a general fund mill rate exceeding
27 one hundred ten mills. The certificate of levy form filed with the county auditor by a
28 qualifying school district must reflect the revenue to be received by the school district
29 under this chapter and that the general fund mill rate for the school district will not
30 exceed one hundred ten mills unless:

- 1 ~~_____ a. The district has approval of a majority of the electors of the school district for a~~
2 ~~higher levy under subsection 1 or 2 of section 57-15-14;~~
3 ~~_____ b. The higher levy is the result of a school district reorganization in compliance with~~
4 ~~chapter 15.1-12;~~
5 ~~_____ c. The higher levy does not produce an amount in dollars exceeding the amount~~
6 ~~allowed under section 57-15-01.1 reduced by the amount of the school district's~~
7 ~~mill levy reduction grant under section 57-64-02 for the budget year; or~~
8 ~~_____ d. The district has authority for a higher levy under subdivision b of subsection 2.~~
9 ~~_____ 2. The authority under subdivision a or b of subsection 1 for a school district to levy a~~
10 ~~general fund mill rate exceeding one hundred ten mills applies for not more than ten~~
11 ~~taxable years at a time after taxable year 2008 unless a majority of the electors of the~~
12 ~~school district approve an extension of that authority under subsection 1 or 2 of~~
13 ~~section 57-15-14. Approval by electors of extension of levy authority under~~
14 ~~subdivision a or b of subsection 1 is effective for not more than ten taxable years at a~~
15 ~~time. A ballot measure for approval by electors of extension of levy authority under~~
16 ~~subdivision a or b of subsection 1 is subject to the following:~~
17 ~~_____ a. The ballot measure must specify the number of mills for the general fund mill rate~~
18 ~~and the number of taxable years for which approval is sought.~~
19 ~~_____ b. If a ballot measure for approval of extension of levy authority under this~~
20 ~~subsection is not approved by a majority of the electors of the school district~~
21 ~~voting on the question, the school district general fund levy limitation for~~
22 ~~subsequent years is subject to the limitations as determined for the school~~
23 ~~district's budget year under section 57-15-01.1 or 57-15-14, whichever produces~~
24 ~~the higher levy limitation.~~

25 ~~_____ **SECTION 8. APPROPRIATION.** There is appropriated out of any moneys in the general~~
26 ~~fund in the state treasury, not otherwise appropriated, the sum of \$448,000,000, or so much of~~
27 ~~the sum as may be necessary, to the superintendent of public instruction for the purpose of~~
28 ~~allocation of mill levy reduction grants to school districts under chapter 57-64, for the biennium~~
29 ~~beginning July 1, 2013, and ending June 30, 2015.~~

30 **SECTION 5. APPROPRIATION.** There is appropriated out of any moneys in the general
31 fund in the state treasury, not otherwise appropriated, the sum of ~~\$327,200,000~~ \$147,600,000,

1 or so much of the sum as may be necessary, to the state treasurer for the purpose of state-paid
2 property tax relief credits under section 57-20-07.2, for the biennium beginning July 1, 2013,
3 and ending June 30, 2015.

4 ~~SECTION 10. TRANSFER -- PROPERTY TAX RELIEF SUSTAINABILITY FUND --~~
5 ~~GENERAL FUND. The office of management and budget shall transfer the sum of~~
6 ~~\$341,790,000 from the property tax relief sustainability fund to the general fund on July 1, 2013.~~

7 **SECTION 6. EFFECTIVE DATE.** This Act becomes effective July 1, 2013.