

**FIRST ENGROSSMENT
with Senate Amendments
ENGROSSED HOUSE BILL NO. 1361**

Introduced by

Representatives Carlson, Headland, Kasper, Louser

Senators Armstrong, Casper

1 A BILL for an Act to create and enact section 57-15-02.2 of the North Dakota Century Code,
2 relating to voter imposed limitations on the amount of property tax levied by taxing districts; to
3 amend and reenact section 57-20-04 of the North Dakota Century Code, relating to the abstract
4 of a county tax list and a statewide property tax increase report; to repeal section 57-20-05 of
5 the North Dakota Century Code, relating to certification of taxes levied by taxing districts; to
6 provide for a report to the legislative management; and to provide an effective date.

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

8 **SECTION 1.** Section 57-15-02.2 of the North Dakota Century Code is created and enacted
9 as follows:

10 **57-15-02.2. Limitation on levies by taxing districts with voter approval.**

11 1. Notwithstanding that a taxing district may have unused or excess levy authority under
12 any other provision of law, this section supersedes and limits that authority. For
13 purposes of this section, "taxing district" means any park district, city, or county. This
14 section may not be interpreted as authority to increase any property tax levy authority
15 otherwise provided by law and must be applied to limit any property tax levy authority
16 to which a taxing district may otherwise be entitled.

17 2. Upon receipt of a petition containing the signatures of at least ten percent of the
18 number of qualified electors of the taxing district who cast votes in the most recent
19 general election in the taxing district, but no fewer than twenty-five signatures, the
20 governing body of the taxing district shall submit to the qualified electors at the next
21 regularly scheduled primary election, or a special election to take place on the second
22 Tuesday in June in a year that a primary election is not scheduled, the question of
23 approving or disapproving the levy limitation under this section. The ballot measure
24 question to approve the levy limitation must include a statement identifying the annual

1 increase in property taxes levied by the taxing district in each of the previous three
2 taxable years as reported in section 57-20-04. Levy limitations approved by electors
3 may not be effective for more than one taxable year.

4 3. If approved by a majority of qualified electors in a taxing district voting on the question,
5 property taxes levied in dollars by the taxing district may not exceed the amount the
6 taxing district levied in dollars in the preceding taxable year by more than three
7 percent, except:

8 a. When property and improvements to property which were not taxable in the
9 preceding taxable year are taxable in the current year, the amount levied in
10 dollars in the preceding taxable year by the taxing district must be increased for
11 purposes of this section to reflect the taxes that would have been imposed
12 against the additional taxable valuation attributable to that property at the mill rate
13 applied to all property in the preceding taxable year.

14 b. When a property tax exemption existed in the preceding taxable year which has
15 been reduced or no longer exists for the current taxable year, the amount levied
16 in dollars in the preceding taxable year by the taxing district must be increased
17 for purposes of this section to reflect the taxes that would have been imposed
18 against the portion of the taxable valuation of the property which is no longer
19 exempt at the mill rate applied to all property in the preceding taxable year.

20 c. When property that was taxable in the preceding taxable year is not taxable for
21 the current taxable year, the amount levied in dollars in the preceding taxable
22 year by the taxing district must be reduced for purposes of this section by the
23 amount of taxes that were imposed against the taxable valuation of that property
24 in the preceding taxable year.

25 d. When a temporary mill levy increase, excluding an increase under this section,
26 authorized by the electors of the taxing district or mill levy imposition authority
27 under state law existed in the previous taxable year but is no longer applicable or
28 has been reduced, the amount levied in dollars in the previous taxable year by
29 the taxing district must be adjusted to reflect the expired temporary mill levy
30 increase and the eliminated or reduced mill levy under state law before the
31 percentage increase allowable under this subsection is applied.

- 1 4. The limitation on the total amount levied by a taxing district under subsection 3 does
2 not apply to:
- 3 a. New or increased property tax levy authority that was not available to the taxing
4 district in the preceding taxable year, including property tax levy authority
5 provided by state law or approved by the electors of the taxing district.
- 6 b. Any irrevocable tax to pay bonded indebtedness levied under section 10 of
7 article X of the Constitution of North Dakota. Any tax levied for this purpose must
8 be excluded from the mill rate applied under subdivisions a through c of
9 subsection 3.
- 10 5. A city or county may not supersede or modify the application of the provisions of this
11 section under home rule authority.

12 **SECTION 2. AMENDMENT.** Section 57-20-04 of the North Dakota Century Code is
13 amended and reenacted as follows:

14 **57-20-04. Abstract of tax list to be sent to tax commissioner - Reports.**

- 15 1. The county auditor, on or before December thirty-first following the levy of the taxes,
16 shall ~~make~~prepare and transmit to the state tax commissioner, ~~in such form as the tax~~
17 ~~commissioner may prescribe,~~ a complete abstract of the tax list of the auditor's county.
- 18 2. In addition to the tax list required in subsection 1, the county auditor, on or before
19 December thirty-first following the levy of the taxes, shall prepare and transmit to the
20 tax commissioner a report providing each taxing district's property valuation and
21 property tax levy and any other information the tax commissioner deems necessary to
22 prepare the report required in subsection 3. For taxing districts with property in more
23 than one county, information must be collected and transmitted by the county auditor
24 of the county in which the main office of that taxing district is located.
- 25 3. The tax commissioner shall compile information received from the county auditors in
26 subsection 2 and prepare a statewide report of property tax increase. The report must
27 include the annual increase in property taxes levied by each taxing district of the state
28 after adjusting for property that was not taxable in the preceding year and property that
29 is no longer taxable which was taxable in the preceding year. The report must be
30 provided to the legislative management by April first of each year.

1 4. The tax commissioner shall prescribe the form and manner of providing the reports
2 and certifications required under this section.

3 5. On or before December 31, 2017, the county auditor shall provide a report to the tax
4 commissioner providing the information identified in subsection 2 for the 2015 and
5 2016 tax years.

6 **SECTION 3. REPEAL.** Section 57-20-05 of the North Dakota Century Code is repealed.

7 **SECTION 4. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
8 December 31, 2016.