

Sixty-sixth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1437

Introduced by

Representatives Hatlestad, B. Anderson, Grueneich, Kreidt, Longmuir, Owens, Richter,
Trottier

Senators Bekkedahl, Krebsbach, Poolman

1 A BILL for an Act to create and enact sections 11-09.1-05.2 and 40-05.1-06.2 of the North
2 Dakota Century Code, relating to city or county sales tax revenue transfers to school districts for
3 bonded indebtedness; and to repeal sections 11-09.1-05.1 and 40-05.1-06.1 of the North
4 Dakota Century Code, relating to the prohibition on transferring city or county sales tax revenue
5 to school districts.

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

7 **SECTION 1.** Section 11-09.1-05.2 of the North Dakota Century Code is created and
8 enacted as follows:

9 **11-09.1-05.2. Sales tax revenue transfer to school districts for bonded indebtedness.**

- 10 1. Upon presentation to the board of county commissioners of a resolution adopted by
11 the school board of a school district within the county, the board of county
12 commissioners may place on the ballot at a primary or general election the question of
13 approval of imposition of an additional county sales, use, farm machinery gross
14 receipts, and alcoholic beverage gross receipts tax. The rate of tax imposed for
15 eachall participating school ~~district~~districts may not exceed one percent for principal
16 and interest payments on school district bonds for school building projects. ~~The board~~
17 of county commissioners shall place on the ballot the sum of the tax rates proposed
18 for each school district that presented an adopted resolution to the board of county
19 commissioners.
- 20 2. Upon approval by sixty percent or more of the qualified electors of the county voting
21 on the question, the board of county commissioners shall impose a county sales tax at
22 the rate approved by the electors on taxable transactions occurring outside of the
23 boundaries of a city within that county if the city has imposed a sales tax for school

1 districts, or subsequently enacts and imposes a sales tax for school districts under
2 section 40-05.1-06.2. Proceeds from the tax imposed must be deposited in a special
3 fund of the county and transferred quarterly to each participating school district ~~that~~
4 ~~presented an adopted resolution to the board of county commissioners under~~
5 ~~subsection 1, in proportion to the tax imposed for each school district,~~ for principal and
6 interest payments on bonds issued for purposes of this section. Proceeds must be
7 transferred to each participating school district in proportion to the amount levied in
8 dollars by the participating school district under section 57-15-14.2 for the payment of
9 principal and interest on bonded debt of the school district as compared to the total
10 amount levied in dollars by all participating school districts under section 57-15-14.2
11 for the payment of principal and interest on bonded debt.

12 3. Any funds in the county special fund at the end of a fiscal year which are unused and
13 unobligated for principal and interest payments on bonds issued for purposes of this
14 section may be transferred to the county general fund. Any tax imposed under this
15 section remains effective until bonds issued under the funding authority of this section
16 have been retired. Any shortfall in funding after application of revenue from the tax
17 imposed for principal and interest payments on bonds issued for purposes of this
18 section is the responsibility of the participating school district and not the county.

19 4. For purposes of this section, "participating school district" means a school district that
20 presented an adopted resolution to the board of county commissioners under
21 subsection 1, which is entitled to sales tax revenue under this section.

22 **SECTION 2.** Section 40-05.1-06.2 of the North Dakota Century Code is created and
23 enacted as follows:

24 **40-05.1-06.2. Sales tax revenue transfer to school district for bonded indebtedness.**

25 1. Upon presentation to the city governing body of a resolution adopted by the school
26 board of a school district containing fifty percent or more of the territory within the city,
27 the city governing body may place on the ballot at a regular or special city election the
28 question of approval of imposition of an additional city sales, use, farm machinery
29 gross receipts, and alcoholic beverage gross receipts tax at a rate not exceeding one
30 percent for principal and interest payments on school district bonds for school building
31 projects.

1 2. Upon approval by sixty percent or more of the qualified electors of the city voting on
2 the question, the city governing body shall impose a city sales tax at the rate approved
3 by the electors. Proceeds from the tax imposed must be deposited in a special fund of
4 the city and transferred to the school district at the times and in the amounts required
5 for principal and interest payments on bonds issued for purposes of this section. Any
6 funds in the city special fund at the end of a fiscal year which are unused and
7 unobligated for principal and interest payments on bonds issued for purposes of this
8 section may be transferred to the city general fund. Any tax imposed under this section
9 remains effective until bonds issued under the funding authority of this section have
10 been retired. Any shortfall in funding after application of revenue from the tax imposed
11 for principal and interest payments on bonds issued for purposes of this section is the
12 responsibility of the school district and not the city.

13 **SECTION 3. REPEAL.** Sections 11-09.1-05.1 and 40-05.1-06.1 of the North Dakota
14 Century Code are repealed.