

**HOUSE BILL NO. 1474**

Introduced by

Representatives Dockter, Headland, B. Koppelman, Nathe, Owens

Senators D. Larson, Poolman

1 A BILL for an Act to create and enact two new subsections to section 40-05-01 and a new  
2 section to chapter 40-22 of the North Dakota Century Code, relating to the authority of a county  
3 or city to levy an infrastructure tax in lieu of special assessments; and to amend and reenact  
4 sections 11-09.1-05, 11-11-55.1, 40-05.1-06, and 40-23-21 of the North Dakota Century Code,  
5 relating to the authority of home rule cities and counties to levy an infrastructure tax in lieu of  
6 special assessments and special assessment fund balances.

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

8 **SECTION 1. AMENDMENT.** Section 11-09.1-05 of the North Dakota Century Code is  
9 amended and reenacted as follows:

10 **11-09.1-05. Powers.**

11 After the filing with the secretary of state of a charter approved in reasonable conformity  
12 with this chapter, the county and its citizens may, if included in the charter and implemented  
13 through ordinances:

- 14 1. Acquire, hold, operate, and dispose of property within or without the county limits, and,  
15 subject to chapter 32-15, exercise the right of eminent domain for those purposes.
- 16 2. Control its finances and fiscal affairs; appropriate money for its purposes, and make  
17 payments of its debts and expenses; contract debts, borrow money, issue bonds,  
18 warrants, and other evidences of indebtedness; establish charges for any county or  
19 other services to the extent authorized by state law; and establish debt limitations.
- 20 3. ~~To levy~~Levy and collect property taxes and special assessments for benefits  
21 conferred, for its public and proprietary functions, activities, operations, undertakings,  
22 and improvements, and establish mill levy limitations. Notwithstanding any authority  
23 granted under this chapter, all property must be assessed in a uniform manner as  
24 prescribed by the state board of equalization and the state supervisor of assessments

1 and all taxable property must be taxed by the county at the same rate unless  
2 otherwise provided by law. A charter or ordinance or act of a governing body of a  
3 home rule county may not supersede any state law that determines what property or  
4 acts are subject to, or exempt from, ad valorem taxes. A charter or ordinance or act of  
5 the governing body of a home rule county may not supersede section 11-11-55.1  
6 relating to the sixty percent petition requirement for improvements and of section  
7 40-22-18 relating to the barring proceeding for improvement projects.

8 4. ~~To levy~~Levy and collect an infrastructure tax in lieu of general special assessments on  
9 all residential and commercial utility bills for payment of infrastructure maintenance  
10 costs. If a home rule county levies an infrastructure tax, the home rule county also  
11 may levy and collect green field special assessments.

12 5. Levy and collect sales and use taxes, farm machinery gross receipts taxes, alcoholic  
13 beverage gross receipts taxes, a county lodging tax, and a county restaurant tax.

14 Sales and use taxes and gross receipts taxes levied under this chapter:

- 15 a. Must conform in all respects with regard to the taxable or exempt status of items  
16 under chapters 57-39.2, 57-39.5, 57-39.6, and 57-40.2 and may not be imposed  
17 at multiple rates with the exception of sales of manufactured homes or mobile  
18 homes.
- 19 b. May not be newly imposed or changed except to be effective on the first day of a  
20 calendar quarterly period after a minimum of ninety days' notice to the tax  
21 commissioner or, for purchases from printed catalogs, on the first day of a  
22 calendar quarter after a minimum of one hundred twenty days' notice to the  
23 seller.
- 24 c. May not be limited to apply to less than the full value of the transaction or item as  
25 determined for state sales and use tax, except for farm machinery gross receipts  
26 tax purposes.
- 27 d. Must be subject to collection by the tax commissioner under an agreement under  
28 section 57-01-02.1, with the exception of a county lodging or county restaurant  
29 tax, and must be administered by the tax commissioner in accordance with the  
30 relevant provisions of chapter 57-39.2, including reporting and paying

1 requirements, correction of errors, payment of refunds, and application of penalty  
2 and interest.

3 After December 31, 2005, any portion of a charter or any portion of an ordinance or  
4 act of a governing body of a home rule county passed pursuant to a charter which  
5 does not conform to the requirements of this subsection is invalid to the extent that it  
6 does not conform. The invalidity of a portion of a charter or ordinance or act of a  
7 governing body of a home rule county because it does not conform to this subsection  
8 does not affect the validity of any other portion of the charter or ordinance or act of a  
9 governing body of a home rule county or the eligibility for a refund under section  
10 57-01-02.1. Any taxes imposed under this chapter on farm machinery, farm irrigation  
11 equipment, and farm machinery repair parts used exclusively for agricultural purposes,  
12 or on alcoholic beverages, which were in effect on December 31, 2005, become gross  
13 receipts taxes after December 31, 2005. Ordinances enacted after August 1, 2017,  
14 may not allow for the collection and levy of any tax not otherwise specified under this  
15 section.

16 ~~5-6.~~ Provide for county elected and appointed officers and employees, their selection,  
17 powers, duties, qualifications, and compensation, and the terms of county appointed  
18 officers and employees. However, after adoption of a home rule charter, a county  
19 elected office may not be eliminated or combined with another office except upon  
20 approval of a majority of the electors of the county voting upon the question at a  
21 primary or general election or pursuant to the county officer combination, separation,  
22 or redesignation procedures of chapter 11-10.2. A home rule charter may not diminish  
23 the term of office for which a current county officer was elected, redesignate that  
24 elected office during that term as appointed, or reduce the salary of the office for that  
25 term. This subsection does not authorize a county to redesignate the elected offices of  
26 sheriff and state's attorney as appointed, except as provided in section 11-10-02.3.

27 ~~6-7.~~ Provide for all matters pertaining to county elections, except as to qualifications of  
28 electors.

29 ~~7-8.~~ Provide for the adoption, amendment, repeal, initiative, referral, enforcement, and civil  
30 and criminal penalties for violation of ordinances, resolutions, and regulations to carry  
31 out its governmental and proprietary powers and to provide for public health, safety,

1 morals, and welfare. However, this subsection does not confer any authority to  
2 regulate any industry or activity which is regulated by state law or by rules adopted by  
3 a state agency.

4 ~~8-9.~~ Lay out or vacate public grounds, and provide through its governing body for the  
5 construction, use, operation, designation, and regulation of a county road system.

6 ~~9-10.~~ Provide for zoning, planning, and subdivision of public or private property within the  
7 county limits but outside the zoning authority of any city or organized township.

8 ~~10-11.~~ Exercise in the conduct of its affairs all powers usually exercised by a corporation.

9 ~~11-12.~~ Contract with and receive grants from any other governmental entity or agency, with  
10 respect to any local, state, or federal program, project, or works.

11 13. As used in this section:

12 a. "General special assessments" means special assessments levied for the  
13 purpose of maintaining existing roads and infrastructure and special  
14 assessments levied for the construction or repair of arterial roads and  
15 infrastructure that provide a benefit to the entire community.

16 b. "Green field special assessments" means special assessments levied for  
17 infrastructure costs associated with the development of agricultural or  
18 undeveloped property.

19 The people of all counties coming within this chapter have the full right of self-government in all  
20 matters within the powers enumerated in this chapter. The statutes of this state, so far as  
21 applicable, continue to apply to counties, except as superseded by the charters of the counties  
22 or by ordinances passed pursuant to the charters.

23 **SECTION 2. AMENDMENT.** Section 11-11-55.1 of the North Dakota Century Code is  
24 amended and reenacted as follows:

25 **11-11-55.1. Petition or resolution for improvements - Levy of special assessments -**  
26 **Levy of infrastructure tax.**

27 1. The board of county commissioners of any county, by resolution or upon receipt of a  
28 petition of sixty percent of the landowners in a defined area, outside of the limits of any  
29 incorporated city, may install the petitioned improvements as benefit the defined area,  
30 provide for the financing of the improvements, and levy special assessments for the  
31 payment of all or part of the improvements within the defined area.

1       2. The board of county commissioners, by resolution or upon petition of sixty percent of  
2       the qualified electors who voted in the last general election in a defined area, may levy  
3       and collect an infrastructure tax in lieu of general special assessments on all  
4       residential and commercial utility bills for payment of infrastructure maintenance costs.  
5       If a home rule county levies an infrastructure tax, the home rule county also may levy  
6       and collect green field special assessments.

7       3. In providing for the improvements, the county shall have the authority granted to  
8       municipalities in chapters 40-22, 40-23, 40-23.1, 40-24, 40-25, 40-26, 40-27, and  
9       40-28, and the county shall comply with the provisions of those chapters in making the  
10      improvements. Whenever action is required of city officials in those chapters, the  
11      comparable county officials shall take the action.

12      4. As used in this section:

13      a. "General special assessments" means special assessments levied for the  
14      purpose of maintaining existing roads and infrastructure and special  
15      assessments levied for the construction or repair of arterial roads and  
16      infrastructure that provide a benefit to the entire community.

17      b. "Green field special assessments" means special assessments levied for  
18      infrastructure costs associated with the development of agricultural or  
19      undeveloped property.

20      **SECTION 3.** Two new subsections to section 40-05-01 of the North Dakota Century Code  
21      are created and enacted as follows:

22      Levy and collect an infrastructure tax in lieu of general special assessments on all  
23      residential and commercial utility bills for payment of infrastructure maintenance costs.  
24      If a municipality levies an infrastructure tax, the municipality also may levy and collect  
25      green field special assessments.

26      As used in this section:

27      a. "General special assessments" means special assessments levied for the  
28      purpose of maintaining existing roads and infrastructure and special  
29      assessments levied for the construction or repair of arterial roads and  
30      infrastructure that provide a benefit to the entire community.

1           b. "Green field special assessments" means special assessments levied for  
2                     infrastructure costs associated with the development of agricultural or  
3                     undeveloped property.

4           **SECTION 4. AMENDMENT.** Section 40-05.1-06 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6           **40-05.1-06. Powers.**

7           From and after the filing with the secretary of state of a charter framed and approved in  
8 reasonable conformity with the provisions of this chapter, such city, and the citizens thereof,  
9 shall, if included in the charter and implemented through ordinances, have the following powers  
10 set out in this chapter:

- 11           1. To acquire, hold, operate, and dispose of property within or without the corporate  
12           limits, and, subject to chapter 32-15, exercise the right of eminent domain for such  
13           purposes.
- 14           2. To control its finances and fiscal affairs; to appropriate money for its purposes, and  
15           make payment of its debts and expenses; to contract debts, borrow money, issue  
16           bonds, warrants, and other evidences of indebtedness; to establish charges for any  
17           city or other services; and to establish debt limitations.
- 18           3. To levy and collect property taxes and special assessments for benefits conferred, for  
19           its public and proprietary functions, activities, operations, undertakings, and  
20           improvements, and establish mill levy limitations. Notwithstanding any authority  
21           granted under this chapter, all property must be assessed in a uniform manner as  
22           prescribed by the state board of equalization and the state supervisor of assessments  
23           and all taxable property must be taxed by the city at the same rate unless otherwise  
24           provided by law.
- 25           4. To levy and collect an infrastructure tax in lieu of general special assessments on all  
26           residential and commercial utility bills for payment of infrastructure maintenance costs.  
27           If a home rule city levies an infrastructure tax, the home rule city also may levy and  
28           collect green field special assessments.
- 29           5. To levy and collect excises, fees, charges, franchise and license taxes, sales and use  
30           taxes, farm machinery gross receipts taxes, alcoholic beverage gross receipts taxes, a  
31           city lodging tax, and a city restaurant tax. For purposes of this section, any taxes

1 imposed under this section on farm machinery, farm irrigation equipment, and farm  
2 machinery repair parts used exclusively for agricultural purposes, or on alcoholic  
3 beverages, which were in effect on December 31, 2005, become gross receipts taxes  
4 after December 31, 2005. After December 31, 2005, any portion of a charter or any  
5 portion of an ordinance passed pursuant to a charter which does not conform to the  
6 requirements of this section is invalid to the extent it does not conform. The invalidity  
7 of a portion of a charter or ordinance because it does not conform with this subsection  
8 does not affect the validity of any other portion of the charter or ordinance of the  
9 eligibility for a refund under section 57-01-02.1. Ordinances enacted after August 1,  
10 2017, may not allow for the collection and levy of any tax not otherwise specified  
11 under this section. Sales and use taxes and gross receipts taxes levied under this  
12 section:

- 13 a. Must conform in all respects with regard to the taxable or exempt status of items  
14 under chapters 57-39.2, 57-39.5, 57-39.6, and 57-40.2 and may not be imposed  
15 at multiple rates with the exception of sales of manufactured homes or mobile  
16 homes.
- 17 b. May not be newly imposed or changed except to be effective on the first day of a  
18 calendar quarterly period after a minimum of ninety days' notice to the tax  
19 commissioner or, for purchases from printed catalogs, on the first day of a  
20 calendar quarter after a minimum of one hundred twenty days' notice to the  
21 seller.
- 22 c. May not be limited to apply to less than the full value of the transaction or item as  
23 determined for state sales and use tax purposes, except for farm machinery  
24 gross receipts tax.
- 25 d. Must be subject to collection by the tax commissioner under an agreement under  
26 section 57-01-02.1, with the exception of a city lodging or city restaurant tax, and  
27 must be administered by the tax commissioner in accordance with the relevant  
28 provisions of chapter 57-39.2, including reporting and paying requirements,  
29 correction of errors, payment of refunds, and application of penalty and interest.

30 5-6. To fix the fees, number, terms, conditions, duration, and manner of issuing and  
31 revoking licenses in the exercise of its governmental police powers.

Sixty-sixth  
Legislative Assembly

- 1     ~~6-7.~~    To provide for city officers, agencies, and employees, their selection, terms, powers,  
2                    duties, qualifications, and compensation. To provide for change, selection, or creation  
3                    of its form and structure of government, including its governing body, executive officer,  
4                    and city officers.
- 5     ~~7-8.~~    To provide for city courts, their jurisdiction and powers over ordinance violations,  
6                    duties, administration, and the selection, qualifications, and compensation of their  
7                    officers; however, the right of appeal from judgment of such courts shall not be in any  
8                    way affected.
- 9     ~~8-9.~~    To provide for all matters pertaining to city elections, except as to qualifications of  
10                   electors.
- 11    ~~9-10.~~   To provide for the adoption, amendment, and repeal of ordinances, resolutions, and  
12                   regulations to carry out its governmental and proprietary powers and to provide for  
13                   public health, safety, morals, and welfare, and penalties for a violation thereof.
- 14    ~~10-11.~~ To lay out or vacate streets, alleys, and public grounds, and to provide for the use,  
15                   operation, and regulation thereof.
- 16    ~~11-12.~~ To define offenses against private persons and property and the public health, safety,  
17                   morals, and welfare, and provide penalties for violations thereof.
- 18    ~~12-13.~~ To engage in any utility, business, or enterprise permitted by the constitution or not  
19                   prohibited by statute or to grant and regulate franchises therefor to a private person,  
20                   firm, corporation, or limited liability company.
- 21    ~~13-14.~~ To provide for zoning, planning, and subdivision of public or private property within the  
22                   city limits. To provide for such zoning, planning, and subdivision of public or private  
23                   property outside the city limits as may be permitted by state law.
- 24    ~~14-15.~~ To exercise in the conduct of its affairs all powers usually exercised by a corporation.
- 25    ~~15-16.~~ To fix the boundary limits of said city and the annexation and deannexation of territory  
26                   adjacent to said city except that such power shall be subject to, and shall conform with  
27                   the state law made and provided.
- 28    ~~16-17.~~ To contract with and receive grants from any other governmental entity or agency, with  
29                   respect to any local, state, or federal program, project, or works.
- 30     ~~18.~~    As used in this section:

- 1           a. "General special assessments" means special assessments levied for the  
2                     purpose of maintaining existing roads and infrastructure and special  
3                     assessments levied for the construction or repair of arterial roads and  
4                     infrastructure that provide a benefit to the entire community.
- 5           b. "Green field special assessments" means special assessments levied for  
6                     infrastructure costs associated with the development of agricultural or  
7                     undeveloped property.

8           It is the intention of this chapter to grant and confirm to the people of all cities coming within  
9 its provisions the full right of self-government in both local and city matters within the powers  
10 enumerated herein. The statutes of the state of North Dakota, so far as applicable, shall  
11 continue to apply to home rule cities, except insofar as superseded by the charters of such  
12 cities or by ordinance passed pursuant to such charters.

13           **SECTION 5.** A new section to chapter 40-22 of the North Dakota Century Code is created  
14 and enacted as follows:

15           **Power of municipality to defray expense of improvements - Infrastructure tax.**

- 16           1. Notwithstanding section 40-22-01, a municipality may levy and collect an infrastructure  
17                     tax in lieu of general special assessments on all residential and commercial utility bills  
18                     for payment of infrastructure maintenance costs. If a municipality levies an  
19                     infrastructure tax, the municipality also may levy and collect green field special  
20                     assessments.
- 21           2. As used in this section:
- 22           a. "General special assessments" means special assessments levied for the  
23                     purpose of maintaining existing roads and utilities and special assessments  
24                     levied for the construction or repair of arterial roads and infrastructure that  
25                     provide a benefit to the entire community.
- 26           b. "Green field special assessments" means special assessments levied for  
27                     infrastructure costs associated with the development of agricultural or  
28                     undeveloped property.

29           **SECTION 6. AMENDMENT.** Section 40-23-21 of the North Dakota Century Code is  
30 amended and reenacted as follows:

1       **40-23-21. Use of collections of subsequent assessments.**

2       1. All collections of special assessments levied pursuant to sections 40-23-17 through  
3       40-23-21 shall be credited as received to the special fund maintained by the  
4       municipality for the payment of any outstanding special improvement warrants,  
5       refunding improvement bonds, general obligation bonds, or revenue bonds which were  
6       issued to finance the improvement for which the assessments were levied, or, if no  
7       such obligations are outstanding, to such fund as the governing body may direct.

8       2. If a governing body of a municipality levied and collected an infrastructure tax under  
9       section 5 of this Act, the funds generated by the tax must be used for the payment of  
10      any outstanding special improvement warrants, refunding improvement bonds, general  
11      obligation bonds, or revenue bonds, which were issued to finance the improvement.  
12      The governing body of a municipality may not use funds generated by an  
13      infrastructure tax that is imposed after the effective date of this Act for the payment of  
14      any outstanding special improvement warrants, refunding improvement bonds, general  
15      obligation bonds, or revenue bonds, which were issued before the effective date of this  
16      Act for the purpose of financing green field special assessments, as defined in section  
17      40-05-01.