

Introduced by

Representatives Hoverson, Bellew, Schatz, VanWinkle

Senator Magrum

1 | A concurrent resolution to amend and reenact sections 1, 14, 15, and 16,~~and 27~~ of article X of
2 | the Constitution of North Dakota, relating to prohibiting the levy of property tax except for limited
3 | purposes, replacing lost property tax revenue through increased sales tax, and prohibiting the
4 | issuance of general obligation bonds secured with property tax,~~and providing for a state-~~
5 | ~~transfer tax on real property~~; to repeal sections 4, 5, 7, 9, and 10 of article X of the Constitution
6 | of North Dakota, relating to prohibiting the levy of property tax; and to provide an effective date.

7 | **STATEMENT OF INTENT**

8 | This measure prohibits the levy of property tax, except for limited purposes, provides for the
9 | replacement of lost property tax revenue through increased sales tax, and prohibits the
10 | issuance of general obligation bonds secured with property tax,~~and permits imposition by the-~~
11 | ~~state of a transfer tax on real property.~~

12 | **BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF NORTH DAKOTA,**
13 | **THE SENATE CONCURRING THEREIN:**

14 | That the following proposed amendments to sections 1, 14, 15, and 16,~~and 27~~ of article X
15 | of the Constitution of North Dakota, and the proposed repeal of sections 4, 5, 7, 9, and 10 of
16 | article X of the Constitution of North Dakota are agreed to and must be submitted to the
17 | qualified electors of North Dakota at the general election to be held in 2024, in accordance with
18 | section 16 of article IV of the Constitution of North Dakota.

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

21 | **Section 1.** The

- 22 | 1. Except as provided in subsection 2, the legislative assembly shall be prohibited from
23 | raising and all political subdivisions may not raise revenue to defray the expenses of
24 | the state through the levying of any tax on the assessed value of real or personal
25 | property.

- 1 2. A political subdivision may continue to levy tax on the assessed value of real property
2 if the tax was dedicated for the payment of bonded indebtedness incurred before the
3 end of the thirty-day period following the date this amendment was approved by the
4 voters, until such debt is paid.
- 5 3. The state shall provide annual property tax revenue replacement payments to political
6 subdivisions in an amount equal to no less than the amount of tax levied on real
7 property by the political subdivisions, excluding tax levied on real property for the
8 payment of bonded indebtedness, during the calendar year in which this amendment
9 was approved by the voters. Between September 1, 2025, and December 31, 2025,
10 the legislative assembly may convene for up to twenty consecutive business days
11 designated by the majority leaders of the senate and house of representatives to
12 provide by law a method for the annual property tax revenue replacement payments to
13 political subdivisions required in this subsection. Days spent in the reconvened
14 session under this subsection may not be counted as part of the eighty natural days
15 under section 7 of article IV.
- 16 4. The legislative assembly shall create a property tax revenue replacement fund in the
17 state treasury for the purpose of making annual property tax revenue replacement
18 payments to political subdivisions.
- 19 5. The legislative assembly shall impose sales tax at a rate sufficient to fund the annual
20 property tax revenue replacement payments to political subdivisions for deposit into
21 the property tax revenue replacement fund as deemed necessary.

22 **SECTION 2. AMENDMENT.** Section 14 of article X of the Constitution of North Dakota is
23 amended and reenacted as follows:

24 **Section 14.**

- 25 1. Notwithstanding any other provision in the constitution, and for the purpose of
26 promoting the economic growth of the state, the development of its natural resources,
27 and the prosperity and welfare of its people, the state may issue bonds and use the
28 proceeds ~~thereoffrom the bonds~~ to make loans to privately or cooperatively owned
29 enterprises to plan, construct, acquire, equip, improve, and extend facilities for
30 converting natural resources into power and generating and transmitting such power,

- 1 and to acquire real and personal property and water and mineral rights needed for
2 such facilities.
- 3 2. The state may issue general obligation bonds for this purpose to an amount ~~which~~that,
4 with all outstanding general obligation bonds, less the amount of all money on hand
5 and taxes in process of collection which are appropriated for their payment, will not
6 exceed five percent of the full and true value of all of the ~~taxable~~real property in the
7 state, to be ascertained by the last assessment made for state and county purposes:
8 ~~but nothing herein shall. The provision does not~~ increase or diminish the limitations
9 established by other provisions of the constitution on the amount of bonds therein
10 authorized to be issued.
- 11 3. The state also ~~may also~~ issue revenue bonds for the purpose of providing part or all of
12 the funds required for any project undertaken under subsection 1, payable solely from
13 sums realized from payments of principal and interest on money loaned for such
14 project, and from other similar projects if so determined by the ~~legislature~~legislative
15 assembly, and from the liquidation of security given for such payments. Revenue
16 bonds issued for any project ~~shall~~may not exceed the cost ~~thereof~~of the project,
17 including all expenses reasonably incurred to complete and finance the project, but
18 ~~shall~~may not be subject to any other limitation of amount.
- 19 4. The full faith and credit of the state ~~shall~~must be pledged for the prompt and full
20 payment of all bonds issued under subsection 2. Its obligation with respect to bonds
21 issued under subsection 3 ~~shall~~must be limited to the prompt and full performance of
22 such covenants as the ~~legislature~~legislative assembly may authorize to be made
23 respecting the enforcing of the provisions of underlying loan agreements and the
24 segregation, accounting, and application of bond proceeds and of loan payments and
25 other security pledged for the payment of the bonds. All bonds authorized by
26 subsections 1 to 3, inclusive, ~~shall~~must mature within forty years from their respective
27 dates of issue, but may be refunded at or before maturity in such manner and for such
28 term and upon such conditions as the ~~legislature~~legislative assembly may direct. Any
29 such bonds may, but need not be, secured by mortgage upon real or personal
30 property acquired with the proceeds of the same or any other issue of general
31 obligation or revenue bonds, or upon other property mortgaged by the debtor. Pledges

1 of revenues and mortgages of property securing bonds of any issue may be prior or
2 subordinate to or on a parity with pledges and mortgages securing any other issue of
3 general obligation or revenue bonds, as determined by the ~~legislature~~legislative
4 assembly from time to time in conformity with any provisions made for the security of
5 outstanding bonds.

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

8 6. If any subsection of this amendment, or any part of a subsection, or any application
9 thereof to particular circumstances should be held invalid for any reason, such
10 invalidity ~~shall~~may not affect the validity of all remaining provisions of this amendment
11 which may be given effect without that which is declared invalid, as applied to any
12 circumstances and for this purpose all subsections and parts of subsections and
13 applications thereof are declared to be severable.

14 **SECTION 3. AMENDMENT.** Section 15 of article X of the Constitution of North Dakota is
15 amended and reenacted as follows:

16 **Section 15.** The debt of any county, township, city, ~~town~~, school district, or any other
17 political subdivision, shall never ~~may~~ exceed ~~five per centum~~two and one-half percent upon the
18 ~~assessed~~full and true value of the ~~taxable~~real property therein; provided that any incorporated
19 city ~~may~~, by a two-thirds vote, ~~may~~ increase such indebtedness ~~three per centum~~one and
20 one-half percent on such ~~assessed~~full and true value beyond ~~said five per centum~~the two and
21 one-half percent limit, and a school district, by a majority vote may increase such indebtedness
22 ~~five~~two and one-half percent on such ~~assessed~~full and true value beyond ~~said five per-~~
23 ~~centum~~the two and one-half percent limit; provided also that any county or city by a majority
24 vote may issue bonds upon any revenue-producing utility owned by such county or city, or for
25 the purchasing or acquiring the same or building or establishment thereof, in amounts not
26 exceeding the physical value of such utility, industry or enterprise.

27 In estimating the indebtedness which a city, county, township, school district, or any other
28 political subdivision may incur, the entire amount, exclusive of the bonds upon said
29 revenue-producing utilities, whether contracted prior or subsequent to the adoption of this
30 constitution, ~~shall~~must be included; provided further that any incorporated city may become
31 indebted in any amount not exceeding ~~four per centum~~two percent of such ~~assessed~~full and

1 true value without regard to the existing indebtedness of such city for the purpose of
2 constructing or purchasing waterworks for furnishing a supply of water to the inhabitants of such
3 city, or for the purpose of constructing sewers, and for no other purposes whatever. All bonds
4 and obligations in excess of the amount of indebtedness permitted by this constitution, given by
5 any city, county, township, ~~town~~, school district, or any other political subdivision shall be void.

6 **SECTION 4. AMENDMENT.** Section 16 of article X of the Constitution of North Dakota is
7 amended and reenacted as follows:

8 **Section 16.** Any city, county, township, ~~town~~, school district, or any other political
9 subdivision incurring indebtedness ~~shall~~, at or before the time of so doing, shall provide for the
10 ~~collection of an annual tax~~revenues sufficient to pay the interest and also the principal thereof
11 when due, and all laws or ordinances providing for the payment of the interest or principal of
12 any debt ~~shall be~~are irrevocable until such debt be paid. A political subdivision may not issue
13 general obligation bonds secured with tax levied on the assessed value of property on or after
14 the effective date of this amendment.

15 ~~— SECTION 5. AMENDMENT. Section 27 of article X of the Constitution of North Dakota is~~
16 ~~amended and reenacted as follows:~~

17 ~~— Section 27.~~

18 ~~— The state and any county, township, city, or any other political subdivision of the state may~~
19 ~~not impose any mortgage taxes or any sales or transfer taxes on the mortgage or transfer of~~
20 ~~real property, except the state may impose a tax on the transfer of real property not to exceed~~
21 ~~three percent of the full and true value of the real property.~~

22 **SECTION 5. REPEAL.** Sections 4, 5, 7, 9, and 10 of article X of the Constitution of North
23 Dakota are repealed.

24 **SECTION 6. EFFECTIVE DATE.** If approved by the voters, sections 1, 2, 3, and ~~65~~ of this
25 measure become effective on January 1, ~~2025~~2026.