

2017 HOUSE JUDICIARY

HB 1043

# 2017 HOUSE STANDING COMMITTEE MINUTES

Judiciary Committee  
Prairie Room, State Capitol

HB 1043  
1/4/2017  
26560

☐ Subcommittee  
☐ Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

Relating to obsolete provisions; and to provide an effective date.

## Minutes:

Amendment #1

**Chairman K. Koppelman:** Opened the hearing on HB 1043.

**Vonete Richter, Legislative Counsel:** Just here to explain this bill and support it. This is a bill will bring things to our attention that is just cleaning up our code. Went through the bill. Also have an amendment to offer on this.

**Representative Klemin:** Why don't we add the word caption in this statute and take care of this problem.

**Vonette Richter:** We could add that to this amendment. (5:25) Continued going through the bill. Explained the changes. There are two paragraphs L & M on page 7 that are overstruck. There was a property tax relief program that ended in 2008 that would have allowed you to qualify for property tax credit on your income tax form and that is no longer in effect so we are taking them out.

**Chairman K. Koppelman:** Explained to the new members the property tax measure that bought down taxes for some people and only a few people used it since it was so confusing.

**Emily Thompson, Legislative Counsel Attorney:** This is just information and went over Section 10. (9:30-10:52). Explained the changes.

**Vonete Richter:** (13:07) Went over the repeal section. Handed out the proposed amendment #1) Went over the proposal.

**Emily Thompson:** (14:22-15:38) Went over Section 11 and why the changes were made.

**Vonete Richter:** (15:45) Section 13; continued review. Just cleanup. Final change is page 10, line 22 to repeals which was a reference to ACIR. That committee no longer exists.

**Representative Jones:** On page 2 when you closed out the old age retirement survivors fund what did they do with the money?

**Representative Klemin:** There were some people that had retired under that old age retirement system they did not go into that system. They now have all died. There wasn't any money.

**Chairman K. Koppelman:** Page 4 it appears the language that was being struck from lines 7-14 is reinserted. Why is that back?

**Emily Thompson:** When HB1476 passed it did change the imposition of the oil extraction tax. The rate was 6.5% except for oil extracted in the following situations it was at 4% or a reduced rate. Looking at the changes that were made on your marked up versions, the references to rate reduction were struck out. I did have a discussion with the tax department. They noted that this section was essentially applied to any other tax exemption or rate reduction that may apply so it was tied to future potential rate reductions.

**Representative Klemin moved an amendment on page 1, lines 11 & 12 to add the word caption: Seconded by Representative Paur: Discussion: none Voice vote carried.**

**Motion made by Representative Klemin to adopt proposed amendment 17.0260.01001; Seconded by Representative Satrom: Discussion: None Voice vote carried.**

**Do Pass As Amended motion made by Representative Klemin: Seconded by Vice Chairman Karls: Discussion: None**

**Vote: 13-0-2 Carrier: Representative Nelson:**



PROPOSED AMENDMENTS TO HOUSE BILL NO. 1043

Page 1, line 1, after the first comma insert "subsection 10 of section 11-31-03,"

Page 1, line 1, after the second comma insert "section 24-02-30,"

Page 1, line 2, replace the second "section" with "sections 50-06-06.2 and"

Page 1, line 3, after the second comma insert "sections 57-15-06 and 57-15-08, subsection 1 of section 57-34-03,"

Page 1, line 5, after "sections" insert "54-40.3-03,"

Page 1, after line 16, insert:

**"SECTION 2. AMENDMENT.** Subsection 10 of section 11-31-03 of the North Dakota Century Code is amended and reenacted as follows:

10. Cooperate with the ~~public roads~~ federal highway administration or successors, the state department of transportation, and the townships of the county."

Page 2, after line 9, insert:

**"SECTION 4. AMENDMENT.** Section 24-02-30 of the North Dakota Century Code is amended and reenacted as follows:

**24-02-30. Conditions precedent to demand for arbitration against director.**

No right exists to demand arbitration against the director until the conditions specified in this section have been complied with. The contractor shall give the director notice in writing that the contractor claims the contract has been or will be performed fully on a day stated, which may not be less than ten days after the giving of such notice. At the time stated in the notice the director shall cause the work to be inspected, and if the director claims the work has not been completed, the director, with all reasonable dispatch, having regard to the early completion of the work, shall specify the particulars in which it is incomplete and shall direct that it be completed accordingly, or if the director considers further work necessary to bring the project up to the desired standard for acceptance either by the director or the ~~United States public roads~~ federal highway administration, even though the director considers such contract complete, the director likewise may specify any such additional work. The contractor shall proceed with all reasonable dispatch, having due regard to weather conditions, with the performance of all such additional work with a view to a speedy completion of the project. When the contractor claims in good faith, supported by affidavit furnished to the director, that the contractor has completed such additional work according to the specifications furnished to the contractor, and the director fails for ten days to accept such work as completed, the contractor has the right to institute proceedings under this chapter."

Page 2, after line 17, insert:



**"SECTION 6. AMENDMENT.** Section 50-06-06.2 of the North Dakota Century Code is amended and reenacted as follows:

**50-06-06.2. Clinic services - Provider qualification - Utilization of federal funds.**

Within the limits of legislative appropriation therefor and in accordance with rules established by the department, the department may defray the costs of preventive diagnostic, therapeutic, rehabilitative, or palliative items or services furnished medical assistance eligible individuals by regional human service centers. Within the limits of legislative appropriations and to the extent permitted by state and federal law and regulations established thereunder, it is the intent of the legislative assembly that federal funds available under title XIX of the Social Security Act [42 U.S.C. 1396 et seq.] be utilized to defray the costs of identifiable mental health clinic services furnished eligible individuals in regional human service centers and that federal funds available under title XX of the Social Security Act [42 U.S.C. 1397 et seq.] be utilized to defray the costs of identifiable social services furnished to eligible individuals by county social service boards and regional human service centers."

Page 4, after line 25, insert:

**"SECTION 11. AMENDMENT.** Section 57-15-06 of the North Dakota Century Code is amended and reenacted as follows:

**57-15-06. County general fund levy.**

The board of county commissioners may levy property taxes for county general fund purposes at a tax rate not exceeding sixty mills per dollar of taxable valuation of property in the county.

A county that levied more than sixty mills for taxable year 2015 for the combined number of mills levied for general fund purposes plus the number of mills levied for other purposes consolidated into the general fund levy by this Act ~~which were combined into the general fund for taxable years after 2014~~ may levy for general fund purposes for taxable year 2016 the same number of mills that was levied for those purposes for taxable year 2015. A county may levy for general fund purposes for taxable year 2017 sixty mills plus seventy-five percent of the combined number of mills exceeding sixty that was levied for those purposes for taxable year 2015. A county may levy for general fund purposes for taxable year 2018 sixty mills plus fifty percent of the combined number of mills exceeding sixty that was levied for those purposes for taxable year 2015. A county may levy for general fund purposes for taxable year 2019 sixty mills plus twenty-five percent of the combined number of mills exceeding sixty that was levied for those purposes for taxable year 2015.

Unless a specific exception is provided by statute, the county general fund levy limitation under this section applies to all property taxes the board of county commissioners is authorized to levy for general county purposes.

**SECTION 12. AMENDMENT.** Section 57-15-08 of the North Dakota Century Code is amended and reenacted as follows:

**57-15-08. General fund levy limitations in cities.**

The aggregate amount levied for city general fund purposes may not exceed an amount produced by a levy of one hundred five mills on the taxable valuation of

10/18  
11/17

property in the city. A city, when authorized by a majority vote of the electors of the city voting on the question at a regularly scheduled or special election called for such purpose pursuant to a resolution approved by the governing body of the city, may increase the maximum mill levy for general city purposes by not more than ten mills.

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**SECTION 13. AMENDMENT.** Subsection 1 of section 57-34-03 of the North Dakota Century Code is amended and reenacted as follows:

1. On or before July fifteenth of each year, the tax commissioner shall review the report under ~~subsection 3 of~~ section 57-34-02 and compute the total tax to be assessed against each telecommunications carrier in this state at a rate of two and one-half percent of adjusted gross receipts. If the tax commissioner's computation of the total tax differs from the amount computed by a telecommunications carrier, the tax commissioner shall give notice of the change by mail to that telecommunications carrier on or before July fifteenth. The state board of equalization shall assess the tax under this section after consideration of any contest presented."

Page 9, line 11, overstrike "**work-over,**"

Page 9, after line 12 insert:

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Page 9, line 16, overstrike "1." and insert immediately thereafter "a."

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Page 9, line 22, overstrike "rate reduction on production from a new well under"

Page 9, line 23, remove "subsection 4 of"

Page 9, line 23, overstrike "section"

Page 9, line 23, remove "57-51.1-03"

Page 9, line 23, overstrike ", the industrial commission's certification"

Page 9, overstrike lines 24 and 25

Page 9, line 26, overstrike "3."

Page 9, line 30, after "4." insert "b."

Page 10, line 7, after "5." insert "c."

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Page 10, line 19, remove the overstrike over "~~or rate reduction~~"

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Page 10, line 22, after "Sections" insert "54-40.3-03,"

Page 10, line 24, replace "10" with "16"

Renumber accordingly



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Renumber accordingly

2017 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1043

House Judiciary Committee

☐ Subcommittee

Amendment LC# or Description: (Add caption)

Recommendation: ☒ Adopt Amendment  
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation  
☐ As Amended ☐ Rerefer to Appropriations  
☐ Place on Consent Calendar  
Other Actions: ☐ Reconsider ☐ \_\_\_\_\_

Motion Made By Rep. Klemin Seconded By Rep. Paur

Representatives	Yes	No	Representatives	Yes	No
Chairman K. Koppelman			Rep. Hanson		
Vice Chairman Karls			Rep. Nelson		
Rep. Blum					
Rep. Johnston					
Rep. Jones					
Rep. Klemin					
Rep. Magrum					
Rep. Maragos					
Rep. Paur					
Rep. Roers-Jones					
Rep. Satrom					
Rep. Simons					
Rep. Vetter					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment : \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

**Voice vote carried.**

2017 HOUSE STANDING COMMITTEE  
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House Judiciary Committee

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Rep. Roers-Jones					
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Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

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**2017 HOUSE STANDING COMMITTEE  
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House **Judiciary** Committee

☐ Subcommittee

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Motion Made By Representative Klemin: Seconded By Vice Chairman Karls:

Representatives	Yes	No	Representatives	Yes	No
Chairman K. Koppelman	X		Rep. Hanson	X	
Vice Chairman Karls	X		Rep. Nelson	X	
Rep. Blum	-				
Rep. Johnston	X				
Rep. Jones	X				
Rep. Klemin	X				
Rep. Magrum	X				
Rep. Maragos	-				
Rep. Paur	X				
Rep. Roers-Jones	X				
Rep. Satrom	X				
Rep. Simons	X				
Rep. Vetter	X				

Total (Yes) 13 No 0

Absent 2

Floor Assignment Representative Nelson

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**HB 1043: Judiciary Committee (Rep. K. Koppelman, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HB 1043 was placed on the Sixth order on the calendar.

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Page 9, line 16, overstrike "1." and insert immediately thereafter "a."

Page 9, line 21, overstrike "2. To receive, from the first day of eligibility, a tax"

Page 9, line 22, overstrike "rate reduction on production from a new well under"

Page 9, line 23, remove "subsection 4 of"

Page 9, line 23, overstrike "section"

Page 9, line 23, remove "57-51.1-03"

Page 9, line 23, overstrike ", the industrial commission's certification"

Page 9, overstrike lines 24 and 25

Page 9, line 26, overstrike "3."

Page 9, line 30, after "4." insert "b."

Page 10, line 7, after "5." insert "c."

Page 10, line 7, remove the overstrike over "~~To receive, from the first day of eligibility, a tax exemption or the reduction on~~"

Page 10, remove the overstrike over lines 8 through 10

Page 10, after line 14, insert:

"2."

Page 10, line 16, remove the overstrike over "~~er rate reduction~~"

Page 10, line 19, remove the overstrike over "~~er rate reduction~~"

Page 10, line 20, remove the overstrike over "~~er rate reduction~~"

Page 10, line 22, after "Sections" insert "54-40.3-03,"

Page 10, line 24, replace "10" with "16"

Renumber accordingly

**2017 SENATE JUDICIARY**

**HB 1043**



# 2017 SENATE STANDING COMMITTEE MINUTES

**Judiciary Committee**  
Fort Lincoln Room, State Capitol

HB 1043  
3/6/2017  
28713

☐ Subcommittee  
☐ Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

Relating to technical corrections and improper, inaccurate, redundant, missing, or obsolete references; relating to obsolete provisions; and to provide an effective date.

**Minutes:**

**Attachments #**

1,2

**Chairman Armstrong** called the committee to order on HB 1043. All committee members were present.

**Vonette Richter, Code Reviser for Legislative Council**, testified in support of the bill. No written testimony.

"This cleans up things in the century code. This bill comes around every two years, and it's a bill to clean up technical references in our century code. Majority of the time it is just obsolete material that we no longer need in the code."

Vonette Richter proceeded to go over the various items and sections of the bill.

**Emily Thompson, Legislative Council (8:20-13:35)**, testified in support of the bill. No written testimony.

Emily Thompson elaborated more about sections 11,12,13,14,15,16, and repeal sections of the bill.

**Chairman Armstrong:** "Is anybody going to submit any written testimony? Somebody is going to have to carry this bill on the floor."

**Emily Thompson:** "I can send you some of my notes."

**Vonette Richter** came back to podium to go over the proposed Amendments. (see attachment 1,2)

**Chairman Armstrong (16:40):** "I have a question on section 11, this isn't the only place where this happens. Isn't there a way to say it with saying the proper form?"

**Vonette Richter:** "We try to draft it that way. I don't know if there are agencies who need that specificity or what. We try to do that if we can."

**Chairman Armstrong:** "Or otherwise we run the risk of having two in the code that no longer exist."

**Vonette Richter:** "Correct."

**Senator Luick (17:15):** "That's what's happening here, you're putting a form number back into it again?"

**Vonette Richter:** "Right."

**Emily Thompson, came back to podium (18:30):** "I think he meant to remove part of that – page two of the amendment, or section 19 on page 15 of the markup."  
Emily Thompson was referring to the person who created the amendment.

**Chairman Armstrong (20:45):** "So this amendment is fine, but section 19 is where we have to talk about changes?"

**Emily Thompson:** "Correct."

**Vonette Richter** came back to podium to continue going over the proposed Amendments. (see attachment 1,2)

**Emily Thompson came back to the podium to fix the amendment so it could be adopted. (22:40)**

**Chairman Armstrong** closed the hearing on HB 1043.

**Senator Nelson** motioned to Adopt the Amendment. **Senator Myrdal** seconded.

A Roll Call Vote was taken. Yea: 6 Nay: 0 Absent: 0.  
The motion carried.

**Senator Nelson** motioned Do Pass as Amended. **Senator Myrdal** seconded.

A Roll Call Vote was taken. Yea: 6 Nay: 0 Absent: 0.  
The motion carried.

**Senator Nelson** carried the bill.

March 6, 2017

CA  
3/6/17  
1 of 2

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1043

Page 1, line 2, after "14-20-12" insert ", subsection 1 of section 15.1-21-02.1"

Page 1, line 3, after "52-10-07" insert ", subsection 3 of section 54-44.7-03"

Page 1, line 4, after "54-52-01" insert ", subsection 3 of section 54-52-05"

Page 1, line 5, replace "subsections 2 and" with "subsection"

Page 1, line 5, remove the second "and"

Page 1, line 5, after "57-51.1-03.1" insert ", and subsection 19 of section 58-03-07"

Page 2, after line 14, insert:

**"SECTION 4. AMENDMENT.** Subsection 1 of section 15.1-21-02.1 of the North Dakota Century Code is amended and reenacted as follows:

1. The twenty-two units of high school coursework set forth in section ~~15.1-21-02.1~~ 15.1-21-02.2; and"

Page 5, after line 29, insert:

**"SECTION 11. AMENDMENT.** Subsection 3 of section 54-44.7-03 of the North Dakota Century Code is amended and reenacted as follows:

3. The date for submission of information from interested persons or firms in response to an invitation must be not less than twenty-one days after publication of the invitation. Interested architect, engineer, and land surveying persons or firms must be required to respond to the invitation with the submission of the information required in general services administration forms ~~SF 254 and SF 255~~ SF330, architect-engineer related services questionnaire for specific project, or such similar information as the agency selection committee may prescribe by rule."

Page 6, after line 5, insert:

**"SECTION 13. AMENDMENT.** Subsection 3 of section 54-52-05 of the North Dakota Century Code is amended and reenacted as follows:

3. Each employer, at its option, may pay all or a portion of the employee contributions required by subsection 2 and sections 54-52-06.1, 54-52-06.2, 54-52-06.3, and 54-52-06.4 or the employee contributions required to purchase service credit on a pretax basis pursuant to subsection 5 of section 54-52-17.4. Employees may not receive the contributed amounts directly once the employer has elected to pay the employee contributions. The amount paid must be paid by the employer in lieu of contributions by the employee. If the state determines not to pay the contributions, the amount that would have been paid must continue to be deducted from the employee's compensation. If contributions are paid by the employer, they must be treated as employer contributions in determining tax treatment under this code and the federal Internal



CR  
3/6/17  
2 of 2

Revenue Code. If contributions are paid by the employer, they may not be included as gross income of the employee in determining tax treatment under this code and the Internal Revenue Code until they are distributed or made available. The employer shall pay these employee contributions from the same source of funds used in paying compensation to the employee or ~~from the levy authorized by subsection 5 of section 57-15-28.1.~~ The employer shall pay these contributions by effecting an equal cash reduction in the gross salary of the employee or by an offset against future salary increases or by a contribution of a reduction in gross salary and offset against future salary increases. If employee contributions are paid by the employer, they must be treated for the purposes of this chapter in the same manner and to the same extent as employee contributions made prior to the date on which employee contributions were assumed by the employer. An employer exercising its option under this subsection shall report its choice to the board in writing."

Page 7, remove lines 28 and 29

Page 8, remove lines 1 through 31

Page 9, remove lines 1 through 31

Page 10, remove lines 1 through 31

Page 11, remove lines 1 through 13

Page 13, after line 23, insert:

**"SECTION 19. AMENDMENT.** Subsection 19 of section 58-03-07 of the North Dakota Century Code is amended and reenacted as follows:

19. To support an airport or to support or create an airport authority and to levy a tax for airport purposes within the limitations of section ~~57-15-37.12-06-15.~~"

Page 13, line 26, replace "16" with "18"

Renumber accordingly

**2017 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1043**

Senate Judiciary Committee

☐ Subcommittee

Amendment LC# or Description: 17.0260.02002

Recommendation: ☒ Adopt Amendment  
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation  
☐ As Amended ☐ Rerefer to Appropriations  
☐ Place on Consent Calendar  
Other Actions: ☐ Reconsider ☐ \_\_\_\_\_

Motion Made By Senator Nelson Seconded By Senator Myrdal

Senators	Yes	No	Senators	Yes	No
Chairman Armstrong	X		Senator Nelson	X	
Vice-Chair Larson	X				
Senator Luick	X				
Senator Myrdal	X				
Senator Osland	X				

Total (Yes) 6 No 0

Absent 0

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

**2017 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1043**

Senate Judiciary Committee

☐ Subcommittee

Amendment LC# or Description: 17.0260.02002

Recommendation: ☐ Adopt Amendment  
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation  
☒ As Amended ☐ Rerefer to Appropriations  
☐ Place on Consent Calendar  
Other Actions: ☐ Reconsider ☐ \_\_\_\_\_

Motion Made By Senator Nelson Seconded By Senator Myrdal

Senators	Yes	No	Senators	Yes	No
Chairman Armstrong	X		Senator Nelson	X	
Vice-Chair Larson	X				
Senator Luick	X				
Senator Myrdal	X				
Senator Osland	X				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Senator Nelson: "

If the vote is on an amendment, briefly indicate intent:



**REPORT OF STANDING COMMITTEE**

**HB 1043, as engrossed: Judiciary Committee (Sen. Armstrong, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1043 was placed on the Sixth order on the calendar.

Page 1, line 2, after "14-20-12" insert ", subsection 1 of section 15.1-21-02.1"

Page 1, line 3, after "52-10-07" insert ", subsection 3 of section 54-44.7-03"

Page 1, line 4, after "54-52-01" insert ", subsection 3 of section 54-52-05"

Page 1, line 5, replace "subsections 2 and" with "subsection"

Page 1, line 5, remove the second "and"

Page 1, line 5, after "57-51.1-03.1" insert ", and subsection 19 of section 58-03-07"

Page 2, after line 14, insert:

**"SECTION 4. AMENDMENT.** Subsection 1 of section 15.1-21-02.1 of the North Dakota Century Code is amended and reenacted as follows:

1. The twenty-two units of high school coursework set forth in section ~~45-1-21-25~~15.1-21-02.2; and"

Page 5, after line 29, insert:

**"SECTION 11. AMENDMENT.** Subsection 3 of section 54-44.7-03 of the North Dakota Century Code is amended and reenacted as follows:

3. The date for submission of information from interested persons or firms in response to an invitation must be not less than twenty-one days after publication of the invitation. Interested architect, engineer, and land surveying persons or firms must be required to respond to the invitation with the submission of the information required in general services administration ~~forms SF 254 and SF 255~~form SF330, architect-engineer related services questionnaire for specific project, or such similar information as the agency selection committee may prescribe by rule."

Page 6, after line 5, insert:

**"SECTION 13. AMENDMENT.** Subsection 3 of section 54-52-05 of the North Dakota Century Code is amended and reenacted as follows:

3. Each employer, at its option, may pay all or a portion of the employee contributions required by subsection 2 and sections 54-52-06.1, 54-52-06.2, 54-52-06.3, and 54-52-06.4 or the employee contributions required to purchase service credit on a pretax basis pursuant to subsection 5 of section 54-52-17.4. Employees may not receive the contributed amounts directly once the employer has elected to pay the employee contributions. The amount paid must be paid by the employer in lieu of contributions by the employee. If the state determines not to pay the contributions, the amount that would have been paid must continue to be deducted from the employee's compensation. If contributions are paid by the employer, they must be treated as employer contributions in determining tax treatment under this code and the federal Internal Revenue Code. If contributions are paid by the employer, they may not be included as gross income of the employee in determining tax treatment under this code and the Internal Revenue Code until they are distributed or made available. The employer shall pay these employee

contributions from the same source of funds used in paying compensation to the employee ~~or from the levy authorized by subsection 5 of section 57-15-28.1.~~ The employer shall pay these contributions by effecting an equal cash reduction in the gross salary of the employee or by an offset against future salary increases or by a contribution of a reduction in gross salary and offset against future salary increases. If employee contributions are paid by the employer, they must be treated for the purposes of this chapter in the same manner and to the same extent as employee contributions made prior to the date on which employee contributions were assumed by the employer. An employer exercising its option under this subsection shall report its choice to the board in writing."

Page 7, remove lines 28 and 29

Page 8, remove lines 1 through 31

Page 9, remove lines 1 through 31

Page 10, remove lines 1 through 31

Page 11, remove lines 1 through 13

Page 13, after line 23, insert:

**"SECTION 19. AMENDMENT.** Subsection 19 of section 58-03-07 of the North Dakota Century Code is amended and reenacted as follows:

19. To support an airport or to support or create an airport authority and to levy a tax for airport purposes within the limitations of section ~~57-15-37.12-06-15."~~

Page 13, line 26, replace "16" with "18"

Renumber accordingly

**2017 TESTIMONY**

**HB 1043**



PROPOSED AMENDMENTS TO HOUSE BILL NO. 1043

Page 1, line 1, after the first comma insert "subsection 10 of section 11-31-03,"

Page 1, line 1, after the second comma insert "section 24-02-30,"

Page 1, line 2, replace the second "section" with "sections 50-06-06.2 and"

Page 1, line 3, after the second comma insert "sections 57-15-06 and 57-15-08, subsection 1 of section 57-34-03,"

Page 1, line 5, after "sections" insert "54-40.3-03,"

Page 1, after line 16, insert:

**"SECTION 2. AMENDMENT.** Subsection 10 of section 11-31-03 of the North Dakota Century Code is amended and reenacted as follows:

10. Cooperate with the ~~public roads~~ federal highway administration or successors, the state department of transportation, and the townships of the county."

Page 2, after line 9, insert:

**"SECTION 4. AMENDMENT.** Section 24-02-30 of the North Dakota Century Code is amended and reenacted as follows:

**24-02-30. Conditions precedent to demand for arbitration against director.**

No right exists to demand arbitration against the director until the conditions specified in this section have been complied with. The contractor shall give the director notice in writing that the contractor claims the contract has been or will be performed fully on a day stated, which may not be less than ten days after the giving of such notice. At the time stated in the notice the director shall cause the work to be inspected, and if the director claims the work has not been completed, the director, with all reasonable dispatch, having regard to the early completion of the work, shall specify the particulars in which it is incomplete and shall direct that it be completed accordingly, or if the director considers further work necessary to bring the project up to the desired standard for acceptance either by the director or the ~~United States public roads~~ federal highway administration, even though the director considers such contract complete, the director likewise may specify any such additional work. The contractor shall proceed with all reasonable dispatch, having due regard to weather conditions, with the performance of all such additional work with a view to a speedy completion of the project. When the contractor claims in good faith, supported by affidavit furnished to the director, that the contractor has completed such additional work according to the specifications furnished to the contractor, and the director fails for ten days to accept such work as completed, the contractor has the right to institute proceedings under this chapter."

Page 2, after line 17, insert:

**"SECTION 6. AMENDMENT.** Section 50-06-06.2 of the North Dakota Century Code is amended and reenacted as follows:

**50-06-06.2. Clinic services - Provider qualification - Utilization of federal funds.**

Within the limits of legislative appropriation therefor and in accordance with rules established by the department, the department may defray the costs of preventive diagnostic, therapeutic, rehabilitative, or palliative items or services furnished medical assistance eligible individuals by regional human service centers. Within the limits of legislative appropriations and to the extent permitted by state and federal law and regulations established thereunder, it is the intent of the legislative assembly that federal funds available under title XIX of the Social Security Act [42 U.S.C. 1396 et seq.] be utilized to defray the costs of identifiable mental health clinic services furnished eligible individuals in regional human service centers and that federal funds available under title XX of the Social Security Act [42 U.S.C. 1397 et seq.] be utilized to defray the costs of identifiable social services furnished to eligible individuals by county social service boards and regional human service centers."

Page 4, after line 25, insert:

**"SECTION 11. AMENDMENT.** Section 57-15-06 of the North Dakota Century Code is amended and reenacted as follows:

**57-15-06. County general fund levy.**

The board of county commissioners may levy property taxes for county general fund purposes at a tax rate not exceeding sixty mills per dollar of taxable valuation of property in the county.

A county that levied more than sixty mills for taxable year 2015 for the combined number of mills levied for general fund purposes plus the number of mills levied for other purposes consolidated into the general fund levy by this Act which were combined into the general fund for taxable years after 2014 may levy for general fund purposes for taxable year 2016 the same number of mills that was levied for those purposes for taxable year 2015. A county may levy for general fund purposes for taxable year 2017 sixty mills plus seventy-five percent of the combined number of mills exceeding sixty that was levied for those purposes for taxable year 2015. A county may levy for general fund purposes for taxable year 2018 sixty mills plus fifty percent of the combined number of mills exceeding sixty that was levied for those purposes for taxable year 2015. A county may levy for general fund purposes for taxable year 2019 sixty mills plus twenty-five percent of the combined number of mills exceeding sixty that was levied for those purposes for taxable year 2015.

Unless a specific exception is provided by statute, the county general fund levy limitation under this section applies to all property taxes the board of county commissioners is authorized to levy for general county purposes.

**SECTION 12. AMENDMENT.** Section 57-15-08 of the North Dakota Century Code is amended and reenacted as follows:

**57-15-08. General fund levy limitations in cities.**

The aggregate amount levied for city general fund purposes may not exceed an amount produced by a levy of one hundred five mills on the taxable valuation of



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property in the city. A city, when authorized by a majority vote of the electors of the city voting on the question at a regularly scheduled or special election called for such purpose pursuant to a resolution approved by the governing body of the city, may increase the maximum mill levy for general city purposes by not more than ten mills.

A city that levied more than one hundred five mills for taxable year 2015 in the combined number of mills levied for general fund purposes plus the number of mills levied for other purposes consolidated into the general fund levy by this Act which were combined into the general fund for taxable years after 2014 may levy for general fund purposes for taxable year 2016 the same number of mills that was levied for those purposes for taxable year 2015. A city may levy for general fund purposes for taxable year 2017 one hundred five mills plus seventy-five percent of the combined number of mills exceeding one hundred five that was levied for those purposes for taxable year 2015. A city may levy for general fund purposes for taxable year 2018 one hundred five mills plus fifty percent of the combined number of mills exceeding one hundred five that was levied for those purposes for taxable year 2015. A city may levy for general fund purposes for taxable year 2019 one hundred five mills plus twenty-five percent of the combined number of mills exceeding one hundred five that was levied for those purposes for taxable year 2015.

**SECTION 13. AMENDMENT.** Subsection 1 of section 57-34-03 of the North Dakota Century Code is amended and reenacted as follows:

1. On or before July fifteenth of each year, the tax commissioner shall review the report under ~~subsection 3~~ of section 57-34-02 and compute the total tax to be assessed against each telecommunications carrier in this state at a rate of two and one-half percent of adjusted gross receipts. If the tax commissioner's computation of the total tax differs from the amount computed by a telecommunications carrier, the tax commissioner shall give notice of the change by mail to that telecommunications carrier on or before July fifteenth. The state board of equalization shall assess the tax under this section after consideration of any contest presented."

Page 9, line 11, overstrike "**work-over**,"

Page 9, after line 12 insert:

"1."

Page 9, line 16, overstrike "1." and insert immediately thereafter "a."

Page 9, line 21, overstrike "2. To receive, from the first day of eligibility, a tax"

Page 9, line 22, overstrike "rate reduction on production from a new well under"

Page 9, line 23, remove "subsection 4 of"

Page 9, line 23, overstrike "section"

Page 9, line 23, remove "57-51.1-03"

Page 9, line 23, overstrike ", the industrial commission's certification"

Page 9, overstrike lines 24 and 25

Page 9, line 26, overstrike "3."

Page 9, line 30, after "4." insert "b."



Page 10, line 7, after "5." insert "c."

Page 10, line 7, remove the overstrike over "~~To receive, from the first day of eligibility, a tax exemption or the reduction on~~"

Page 10, remove the overstrike over lines 8 through 10

Page 10, after line 14, insert:

"2."

Page 10, line 16, remove the overstrike over "~~or rate reduction~~"

Page 10, line 19, remove the overstrike over "~~or rate reduction~~"

Page 10, line 20, remove the overstrike over "~~or rate reduction~~"

Page 10, line 22, after "Sections" insert "54-40.3-03,"

Page 10, line 24, replace "10" with "16"

Renumber accordingly

Sixty-fifth  
Legislative Assembly  
of North Dakota

## ENGROSSED HOUSE BILL NO. 1043

Introduced by

Legislative Management

(Judiciary Committee)

1 A BILL for an Act to amend and reenact section 1-02-12, subsection 10 of section 11-31-03,  
2 subsection 1 of section 14-20-12, subsection 1 of section 15.1-21-02.1, section 24-02-30,  
3 subsection 1 of section 25-02-01.1, sections 50-06-06.2 and 52-10-04, subsection 4 of section  
4 52-10-05, section 52-10-07, subsection 3 of section 54-44.7-03, subsection 17 of section  
5 54-52-01, subsection 3 of section 54-52-05, sections 57-15-06 and 57-15-08, subsection 1 of  
6 section 57-34-03, ~~subsections 2 and~~ subsection 7 of section 57-38-30.3, ~~and~~ section  
7 57-51.1-03.1, and subsection 19 of section 58-03-07 of the North Dakota Century Code, relating  
8 to technical corrections and improper, inaccurate, redundant, missing, or obsolete references; to  
9 repeal sections 54-40.3-03, 57-15-10.2, 57-38-01.29, and 57-38-01.30 of the North Dakota  
10 Century Code, relating to obsolete provisions; and to provide an effective date.

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

12 **SECTION 1. AMENDMENT.** Section 1-02-12 of the North Dakota Century Code is amended  
13 and reenacted as follows:

14 **1-02-12. ~~Headnote~~Caption, cross-reference note, and source note.**

15 No ~~headnote~~caption, source note, or cross-reference note, whether designating an entire  
16 title, chapter, section, subsection, or subdivision, constitutes any part of a statute. A  
17 ~~headnote~~caption may not be used to determine legislative intent or the legislative history for any  
18 statute. An effective date or expiration date note ~~preceding~~immediately following a  
19 ~~headnote~~caption is not a part of the ~~headnote~~caption and is a part of the statute.

20 **SECTION 2. AMENDMENT.** Subsection 10 of section 11-31-03 of the North Dakota Century  
21 Code is amended and reenacted as follows:

22 10. Cooperate with the ~~public roads~~federal highway administration or successors, the  
23 state department of transportation, and the townships of the county.

**SECTION 3. AMENDMENT.** Subsection 1 of section 14-20-12 of the North Dakota Century Code is amended and reenacted as follows:

1. An acknowledgment of paternity must:
  - a. Be in a record;
  - b. Be signed, or otherwise authenticated, under penalty of perjury by the mother and by the man seeking to establish his paternity;
  - c. State that the child whose paternity is being acknowledged:
    - (1) Does not have a presumed father, or has a presumed father whose full name is stated; and
    - (2) Does not have another acknowledged or adjudicated father;
  - d. State whether there has been genetic testing and, if so, that the acknowledging man's claim of paternity is consistent with the results of the testing; and
  - e. State that the signatories understand that the acknowledgment is the equivalent of a judicial adjudication of paternity of the child and that a challenge to the acknowledgment is permitted only under limited circumstances and is barred after ~~one year~~two years.

**SECTION 4. AMENDMENT.** Subsection 1 of section 15.1-21-02.1 of the North Dakota Century Code is amended and reenacted as follows:

1. The twenty-two units of high school coursework set forth in section ~~15.1-21-~~2515.1-21-02.2; and

**SECTION 5. AMENDMENT.** Section 24-02-30 of the North Dakota Century Code is amended and reenacted as follows:

**24-02-30. Conditions precedent to demand for arbitration against director.**

No right exists to demand arbitration against the director until the conditions specified in this section have been complied with. The contractor shall give the director notice in writing that the contractor claims the contract has been or will be performed fully on a day stated, which may not be less than ten days after the giving of such notice. At the time stated in the notice the director shall cause the work to be inspected, and if the director claims the work has not been completed, the director, with all reasonable dispatch, having regard to the early completion of the work, shall specify the particulars in which it is incomplete and shall direct that it be completed accordingly, or if the director considers further work necessary to bring the project up



1 to the desired standard for acceptance either by the director or the ~~United States public~~  
2 ~~roads~~federal highway administration, even though the director considers such contract  
3 complete, the director likewise may specify any such additional work. The contractor shall  
4 proceed with all reasonable dispatch, having due regard to weather conditions, with the  
5 performance of all such additional work with a view to a speedy completion of the project. When  
6 the contractor claims in good faith, supported by affidavit furnished to the director, that the  
7 contractor has completed such additional work according to the specifications furnished to the  
8 contractor, and the director fails for ten days to accept such work as completed, the contractor  
9 has the right to institute proceedings under this chapter.

10 **SECTION 6. AMENDMENT.** Subsection 1 of section 25-02-01.1 of the North Dakota  
11 Century Code is amended and reenacted as follows:

- 12 1. The department of human services shall seek appropriations and resources sufficient  
13 to ensure maintenance of the state hospital's accreditation by the joint commission on  
14 ~~accreditation of health care organizations~~ and certification by the health care financing  
15 administration or by similar accrediting and certifying organizations and agencies  
16 possessing hospital standards recognized by the health care industry and accepted by  
17 the department.

18 **SECTION 7. AMENDMENT.** Section 50-06-06.2 of the North Dakota Century Code is  
19 amended and reenacted as follows:

20 **50-06-06.2. Clinic services - Provider qualification - Utilization of federal funds.**

21 Within the limits of legislative appropriation therefor and in accordance with rules  
22 established by the department, the department may defray the costs of preventive diagnostic,  
23 therapeutic, rehabilitative, or palliative items or services furnished medical assistance eligible  
24 individuals by regional human service centers. Within the limits of legislative appropriations and  
25 to the extent permitted by state and federal law and regulations established thereunder, it is the  
26 intent of the legislative assembly that federal funds available under title XIX of the Social  
27 Security Act [42 U.S.C. 1396 et seq.] be utilized to defray the costs of identifiable mental health  
28 clinic services furnished eligible individuals in regional human service centers and that federal  
29 funds available under title XX of the Social Security Act [42 U.S.C. 1397 et seq.] be utilized to  
30 defray the costs of identifiable social services furnished to eligible individuals by county social  
31 service boards and regional human service centers.

1       **SECTION 8. AMENDMENT.** Section 52-10-04 of the North Dakota Century Code is  
2 amended and reenacted as follows:

3       **52-10-04. Contributions by employees of the state and of political subdivisions.**

- 4       1. Every employee of the state or of a political subdivision and every employer is  
5 required to pay for the period of such coverage, into the contribution fund established  
6 by section 52-10-06, contributions, with respect to wages, as defined in section  
7 52-10-02, equal to the amount of the tax which would be imposed by the Federal  
8 Insurance Contributions Act if such services constituted employment within the  
9 meaning of that Act. Such employee's liability shall arise in consideration of the  
10 employee's retention in the service of the state or of a political subdivision or the  
11 employee's entry upon such service, after the enactment of this chapter.
- 12       2. The employee's contribution imposed by this section must be collected by deducting  
13 the amount of the contribution from wages as and when paid, but failure to make such  
14 deduction does not relieve the employee from liability for such contribution.
- 15       3. If more or less than the correct amount of the contribution imposed by this section is  
16 paid or deducted with respect to any remuneration, proper adjustments, or refund if  
17 adjustment is impracticable, must be made, without interest, in such manner and at  
18 such times as the state agency shall prescribe.
- 19       4. ~~All unexpended employer contributions in the social security contribution fund paid in~~  
20 ~~to provide a fund out of which the legislative assembly could appropriate for the~~  
21 ~~administration of this chapter and chapter 52-09 as of June 30, 1987, must be~~  
22 ~~transferred by the office of management and budget to the bureau for deposit by the~~  
23 ~~bureau into the old age survivors' fund established by section 52-09-05.~~

24       **SECTION 9. AMENDMENT.** Subsection 4 of section 52-10-05 of the North Dakota Century  
25 Code is amended and reenacted as follows:

- 26       4. Delinquent payments due under subdivision a of subsection 3 must bear interest at the  
27 rate specified in the Social Security Act at 42 U.S.C. 418 and may be recovered by  
28 action in a court of competent jurisdiction against the political subdivision liable  
29 therefor or may, at the request of the state agency, be deducted from any other  
30 moneys payable to such subdivision by any department or agency of the state. In no  
31 case may the interest imposed hereby be less than five dollars. In addition, a penalty



1 may be assessed on delinquent reports if such penalty is provided for in the Social  
2 Security Act at 42 U.S.C. 418. Any such penalty must be under the terms, conditions,  
3 and in the amounts specified in the Social Security Act. In no case may any penalty  
4 imposed hereby be less than five dollars. ~~Annually, on each September thirtieth, the~~  
5 ~~bureau shall determine the balance in the fund created by section 52-10-06 resulting~~  
6 ~~from interest and penalties collected which are not or will not be due to the secretary~~  
7 ~~of the treasury. The bureau shall transfer this balance on September thirtieth to the~~  
8 ~~old-age survivors' fund created by section 52-09-05.~~

9 **SECTION 10. AMENDMENT.** Section 52-10-07 of the North Dakota Century Code is  
10 amended and reenacted as follows:

11 **52-10-07. Referenda and certification.**

- 12 1. With respect to employees of ~~the state and political subdivisions who are under~~  
13 ~~chapter 52-09 or who may by election come under that chapter, the governor is~~  
14 ~~empowered to authorize a referendum, and with respect to the employees of any~~  
15 political subdivision who are under a locally administered retirement system, the  
16 governor shall authorize a referendum upon request of the governing body of such  
17 subdivision; and with respect to employees covered by any other retirement system,  
18 the governor may authorize a referendum; and in either case the referendum must be  
19 conducted and the governor shall designate an agency or individual to supervise its  
20 conduct, in accordance with the requirements of section 218(d)(3) of the Social  
21 Security Act [42 U.S.C. 418], on the question of whether service in positions covered  
22 by a retirement system established by the state or by a political subdivision thereof  
23 should be excluded from or included under an agreement under this chapter. The  
24 notice of referendum required by section 218(d)(3)(C) of the Social Security Act [42  
25 U.S.C. 418] to be given to employees must contain or must be accompanied by a  
26 statement, in such form and such detail as the agency or individual designated to  
27 supervise the referendum shall deem necessary and sufficient, to inform the  
28 employees of the rights which will accrue to them and their dependents and survivors,  
29 and the liabilities to which they will be subject, if their services are included under an  
30 agreement under this chapter.



2. Upon receiving evidence satisfactory to the governor that with respect to any such referendum the conditions specified in section 218(d)(3) of the Social Security Act [42 U.S.C. 418] have been met, the governor, or an official designated by the governor to act in the governor's behalf in respect to this subsection, shall so certify to the secretary of health and human services.

**SECTION 11. AMENDMENT.** Subsection 3 of section 54-44.7-03 of the North Dakota Century Code is amended and reenacted as follows:

3. The date for submission of information from interested persons or firms in response to an invitation must be not less than twenty-one days after publication of the invitation. Interested architect, engineer, and land surveying persons or firms must be required to respond to the invitation with the submission of the information required in general services administration ~~forms SF 254 and SF 255~~ form SF330, architect-engineer related services questionnaire for specific project, or such similar information as the agency selection committee may prescribe by rule.

**SECTION 12. AMENDMENT.** Subsection 17 of section 54-52-01 of the North Dakota Century Code, which becomes effective after July 31, 2017, is amended and reenacted as follows:

17. "Retirement board" or "board" means the ~~seven persons designated by this chapter as~~ the governing authority for the retirement system created under section 54-52-03.

**SECTION 13. AMENDMENT.** Subsection 3 of section 54-52-05 of the North Dakota Century Code is amended and reenacted as follows:

3. Each employer, at its option, may pay all or a portion of the employee contributions required by subsection 2 and sections 54-52-06.1, 54-52-06.2, 54-52-06.3, and 54-52-06.4 or the employee contributions required to purchase service credit on a pretax basis pursuant to subsection 5 of section 54-52-17.4. Employees may not receive the contributed amounts directly once the employer has elected to pay the employee contributions. The amount paid must be paid by the employer in lieu of contributions by the employee. If the state determines not to pay the contributions, the amount that would have been paid must continue to be deducted from the employee's compensation. If contributions are paid by the employer, they must be treated as employer contributions in determining tax treatment under this code and the federal



1 Internal Revenue Code. If contributions are paid by the employer, they may not be  
2 included as gross income of the employee in determining tax treatment under this  
3 code and the Internal Revenue Code until they are distributed or made available. The  
4 employer shall pay these employee contributions from the same source of funds used  
5 in paying compensation to the employee ~~or from the levy authorized by subsection 5~~  
6 ~~of section 57-15-28.1.~~ The employer shall pay these contributions by effecting an  
7 equal cash reduction in the gross salary of the employee or by an offset against future  
8 salary increases or by a contribution of a reduction in gross salary and offset against  
9 future salary increases. If employee contributions are paid by the employer, they must  
10 be treated for the purposes of this chapter in the same manner and to the same extent  
11 as employee contributions made prior to the date on which employee contributions  
12 were assumed by the employer. An employer exercising its option under this  
13 subsection shall report its choice to the board in writing.

14 **SECTION 14. AMENDMENT.** Section 57-15-06 of the North Dakota Century Code is  
15 amended and reenacted as follows:

16 **57-15-06. County general fund levy.**

17 The board of county commissioners may levy property taxes for county general fund  
18 purposes at a tax rate not exceeding sixty mills per dollar of taxable valuation of property in the  
19 county.

20 A county that levied more than sixty mills for taxable year 2015 for the combined number of  
21 mills levied for general fund purposes plus the number of mills levied for other purposes  
22 ~~consolidated into the general fund levy by this Act~~ which were combined into the general fund for  
23 taxable years after 2014 may levy for general fund purposes for taxable year 2016 the same  
24 number of mills that was levied for those purposes for taxable year 2015. A county may levy for  
25 general fund purposes for taxable year 2017 sixty mills plus seventy-five percent of the  
26 combined number of mills exceeding sixty that was levied for those purposes for taxable year  
27 2015. A county may levy for general fund purposes for taxable year 2018 sixty mills plus fifty  
28 percent of the combined number of mills exceeding sixty that was levied for those purposes for  
29 taxable year 2015. A county may levy for general fund purposes for taxable year 2019 sixty mills  
30 plus twenty-five percent of the combined number of mills exceeding sixty that was levied for  
31 those purposes for taxable year 2015.

Unless a specific exception is provided by statute, the county general fund levy limitation under this section applies to all property taxes the board of county commissioners is authorized to levy for general county purposes.

**SECTION 15. AMENDMENT.** Section 57-15-08 of the North Dakota Century Code is amended and reenacted as follows:

**57-15-08. General fund levy limitations in cities.**

The aggregate amount levied for city general fund purposes may not exceed an amount produced by a levy of one hundred five mills on the taxable valuation of property in the city. A city, when authorized by a majority vote of the electors of the city voting on the question at a regularly scheduled or special election called for such purpose pursuant to a resolution approved by the governing body of the city, may increase the maximum mill levy for general city purposes by not more than ten mills.

A city that levied more than one hundred five mills for taxable year 2015 in the combined number of mills levied for general fund purposes plus the number of mills levied for other purposes ~~consolidated into the general fund levy by this Act~~ which were combined into the general fund for taxable years after 2014 may levy for general fund purposes for taxable year 2016 the same number of mills that was levied for those purposes for taxable year 2015. A city may levy for general fund purposes for taxable year 2017 one hundred five mills plus seventy-five percent of the combined number of mills exceeding one hundred five that was levied for those purposes for taxable year 2015. A city may levy for general fund purposes for taxable year 2018 one hundred five mills plus fifty percent of the combined number of mills exceeding one hundred five that was levied for those purposes for taxable year 2015. A city may levy for general fund purposes for taxable year 2019 one hundred five mills plus twenty-five percent of the combined number of mills exceeding one hundred five that was levied for those purposes for taxable year 2015.

**SECTION 16. AMENDMENT.** Subsection 1 of section 57-34-03 of the North Dakota Century Code is amended and reenacted as follows:

1. On or before July fifteenth of each year, the tax commissioner shall review the report under ~~subsection 3~~ of section 57-34-02 and compute the total tax to be assessed against each telecommunications carrier in this state at a rate of two and one-half percent of adjusted gross receipts. If the tax commissioner's computation of the total



1 tax differs from the amount computed by a telecommunications carrier, the tax  
2 commissioner shall give notice of the change by mail to that telecommunications  
3 carrier on or before July fifteenth. The state board of equalization shall assess the tax  
4 under this section after consideration of any contest presented.

5 ~~SECTION 16. AMENDMENT. Subsection 2 of section 57-38-30.3 of the North Dakota~~  
6 ~~Century Code is amended and reenacted as follows:~~

7 ~~2. For purposes of this section, "North Dakota taxable income" means the federal taxable~~  
8 ~~income of an individual, estate, or trust as computed under the Internal Revenue Code~~  
9 ~~of 1986, as amended, adjusted as follows:~~

10 ~~a. Reduced by interest income from obligations of the United States and income~~  
11 ~~exempt from state income tax under federal statute or United States or North~~  
12 ~~Dakota constitutional provisions.~~

13 ~~b. Reduced by the portion of a distribution from a qualified investment fund~~  
14 ~~described in section 57-38-01 which is attributable to investments by the qualified~~  
15 ~~investment fund in obligations of the United States, obligations of North Dakota or~~  
16 ~~its political subdivisions, and any other obligation the interest from which is~~  
17 ~~exempt from state income tax under federal statute or United States or North~~  
18 ~~Dakota constitutional provisions.~~

19 ~~c. Reduced by the amount equal to the earnings that are passed through to a~~  
20 ~~taxpayer in connection with an allocation and apportionment to North Dakota~~  
21 ~~under section 57-38-01.35.~~

22 ~~d. Reduced by forty percent of:~~

23 ~~(1) The excess of the taxpayer's net long-term capital gain for the taxable year~~  
24 ~~over the net short-term capital loss for that year, as computed for purposes~~  
25 ~~of the Internal Revenue Code of 1986, as amended. The adjustment~~  
26 ~~provided by this subdivision is allowed only to the extent the net long-term~~  
27 ~~capital gain is allocated to this state.~~

28 ~~(2) Qualified dividends as defined under Internal Revenue Code section 1(h)~~  
29 ~~(11), added by section 302(a) of the Jobs and Growth Tax Relief~~  
30 ~~Reconciliation Act of 2003 [Pub. L. 108-27; 117 Stat. 752; 2 U.S.C. 963~~  
31 ~~et seq.], but only if taxed at a federal income tax rate that is lower than the~~

1 regular federal income tax rates applicable to ordinary income. If, for any  
2 taxable year, qualified dividends are taxed at the regular federal income tax  
3 rates applicable to ordinary income, the reduction allowed under this  
4 subdivision is equal to thirty percent of all dividends included in federal  
5 taxable income. The adjustment provided by this subdivision is allowed only  
6 to the extent the qualified dividend income is allocated to this state.

7 ~~\_\_\_\_\_ e. Increased by the amount of a lump sum distribution for which income averaging~~  
8 ~~was elected under section 402 of the Internal Revenue Code of 1986 [26 U.S.C.~~  
9 ~~402], as amended. This adjustment does not apply if the taxpayer received the~~  
10 ~~lump sum distribution while a nonresident of this state and the distribution is~~  
11 ~~exempt from taxation by this state under federal law.~~

12 ~~\_\_\_\_\_ f. Increased by an amount equal to the losses that are passed through to a~~  
13 ~~taxpayer in connection with an allocation and apportionment to North Dakota~~  
14 ~~under section 57-38-01.35.~~

15 ~~\_\_\_\_\_ g. Reduced by the amount received by the taxpayer as payment for services~~  
16 ~~performed when mobilized under title 10 United States Code federal service as a~~  
17 ~~member of the national guard or reserve member of the armed forces of the~~  
18 ~~United States. This subdivision does not apply to federal service while attending~~  
19 ~~annual training, basic military training, or professional military education.~~

20 ~~\_\_\_\_\_ h. Reduced by income from a new and expanding business exempt from state~~  
21 ~~income tax under section 40-57.1-04.~~

22 ~~\_\_\_\_\_ i. Reduced by interest and income from bonds issued under chapter 11-37.~~

23 ~~\_\_\_\_\_ j. Reduced by up to ten thousand dollars of qualified expenses that are related to a~~  
24 ~~donation by a taxpayer or a taxpayer's dependent, while living, of one or more~~  
25 ~~human organs to another human being for human organ transplantation. A~~  
26 ~~taxpayer may claim the reduction in this subdivision only once for each instance~~  
27 ~~of organ donation during the taxable year in which the human organ donation and~~  
28 ~~the human organ transplantation occurs but if qualified expenses are incurred in~~  
29 ~~more than one taxable year, the reduction for those expenses must be claimed in~~  
30 ~~the year in which the expenses are incurred. For purposes of this subdivision:~~



- 1 ~~————— (1) "Human organ transplantation" means the medical procedure by which~~  
2 ~~transfer of a human organ is made from the body of one person to the body~~  
3 ~~of another person.~~
- 4 ~~————— (2) "Organ" means all or part of an individual's liver, pancreas, kidney, intestine,~~  
5 ~~lung, or bone marrow.~~
- 6 ~~————— (3) "Qualified expenses" means lost wages not compensated by sick pay and~~  
7 ~~unreimbursed medical expenses as defined for federal income tax~~  
8 ~~purposes, to the extent not deducted in computing federal taxable income,~~  
9 ~~whether or not the taxpayer itemizes federal income tax deductions.~~
- 10 ~~————— k.i. Increased by the amount of the contribution upon which the credit under section~~  
11 ~~57-38-01.21 is computed, but only to the extent that the contribution reduced~~  
12 ~~federal taxable income.~~
- 13 ~~————— l. Reduced by the amount of any payment received by a veteran or beneficiary of a~~  
14 ~~veteran under section 37-28-03 or 37-28-04.~~
- 15 ~~————— m. Reduced by the amount received by a taxpayer that was paid by an employer~~  
16 ~~under paragraph 4 of subdivision a of subsection 2 of section 57-38-01.25 to hire~~  
17 ~~the taxpayer for a hard-to-fill position under section 57-38-01.25, but only to the~~  
18 ~~extent the amount received by the taxpayer is included in federal taxable income.~~  
19 ~~The reduction applies only if the employer is entitled to the credit under section~~  
20 ~~57-38-01.25. The taxpayer must attach a statement from the employer in which~~  
21 ~~the employer certifies that the employer is entitled to the credit under section~~  
22 ~~57-38-01.25 and which specifically identified the type of payment and the amount~~  
23 ~~of the exemption under this section.~~
- 24 ~~————— n.k. Reduced by the amount up to a maximum of five thousand dollars, or ten~~  
25 ~~thousand dollars if a joint return is filed, for contributions made under a higher~~  
26 ~~education savings plan administered by the Bank of North Dakota, pursuant to~~  
27 ~~section 6-09-38.~~
- 28 ~~————— o.l. Reduced by the amount of income of a taxpayer, who resides anywhere within~~  
29 ~~the exterior boundaries of a reservation situated in this state or situated both in~~  
30 ~~this state and in an adjoining state and who is an enrolled member of a federally~~  
31 ~~recognized Indian tribe, from activities or sources anywhere within the exterior~~



boundaries of a reservation situated in this state or both situated in this state and in an adjoining state.

~~p.m. For married individuals filing jointly, reduced by an amount equal to the excess of the recomputed itemized deductions or standard deduction over the amount of the itemized deductions or standard deduction deducted in computing federal taxable income. For purposes of this subdivision, "itemized deductions or standard deduction" means the amount under section 63 of the Internal Revenue Code that the married individuals deducted in computing their federal taxable income and "recomputed itemized deductions or standard deduction" means an amount determined by computing the itemized deductions or standard deduction in a manner that replaces the basic standard deduction under section 63(c)(2) of the Internal Revenue Code for married individuals filing jointly with an amount equal to double the amount of the basic standard deduction under section 63(c)(2) of the Internal Revenue Code for a single individual other than a head of household and surviving spouse. If the married individuals elected under section 63(e) of the Internal Revenue Code to deduct itemized deductions in computing their federal taxable income even though the amount of the allowable standard deduction is greater, the reduction under this subdivision is not allowed. Married individuals filing jointly shall compute the available reduction under this subdivision in a manner prescribed by the tax commissioner.~~

**SECTION 17. AMENDMENT.** Subsection 7 of section 57-38-30.3 of the North Dakota Century Code is amended and reenacted as follows:

7. A taxpayer filing a return under this section is entitled to the following tax credits:
  - a. Family care tax credit under section 57-38-01.20.
  - b. Renaissance zone tax credits under sections 40-63-04, 40-63-06, and 40-63-07.
  - c. Agricultural business investment tax credit under section 57-38.6-03.
  - d. Seed capital investment tax credit under section 57-38.5-03.
  - e. Planned gift tax credit under section 57-38-01.21.
  - f. Biodiesel fuel or green diesel fuel tax credits under sections 57-38-01.22 and 57-38-01.23.

- 1 g. Internship employment tax credit under section 57-38-01.24.
- 2 h. Workforce recruitment credit under section 57-38-01.25.
- 3 i. Angel fund investment tax credit under section 57-38-01.26.
- 4 j. Microbusiness tax credit under section 57-38-01.27.
- 5 k. Marriage penalty credit under section 57-38-01.28.
- 6 l. ~~Homestead income tax credit under section 57-38-01.29.~~
- 7 ~~m. Commercial property income tax credit under section 57-38-01.30.~~
- 8 n. Research and experimental expenditures under section 57-38-30.5.
- 9 ~~o.m.~~ Geothermal energy device installation credit under section 57-38-01.8.
- 10 ~~p.n.~~ Long-term care partnership plan premiums income tax credit under section
- 11 57-38-29.3.
- 12 ~~q.o.~~ Employer tax credit for salary and related retirement plan contributions of
- 13 mobilized employees under section 57-38-01.31.
- 14 ~~r.p.~~ Automating manufacturing processes tax credit under section 57-38-01.33
- 15 (effective for the first five taxable years beginning after December 31, 2012).
- 16 ~~s.q.~~ Income tax credit for passthrough entity contributions to private education
- 17 institutions under section 57-38-01.7.

18 **SECTION 18. AMENDMENT.** Section 57-51.1-03.1 of the North Dakota Century Code is  
19 amended and reenacted as follows:

20 **57-51.1-03.1. Stripper well, new well, ~~work-over~~, and secondary or tertiary project**  
21 **certification for tax exemption or rate reduction - Filing requirement.**

- 22 1. To receive the benefits of a tax exemption or tax rate reduction, a certification of
- 23 qualifying well status prepared by the industrial commission must be submitted to the
- 24 tax commissioner as follows:
- 25 ~~1.~~ a. To receive, from the first day of eligibility, a tax exemption on production from a
- 26 stripper well property or individual stripper well under subsection 2 of section
- 27 57-51.1-03, the industrial commission's certification must be submitted to the tax
- 28 commissioner within eighteen months after the end of the stripper well property's
- 29 or stripper well's qualification period.
- 30 ~~2. To receive, from the first day of eligibility, a tax exemption under subsection 3 of~~
- 31 ~~section 57-51.1-03 and a rate reduction on production from a new well under section~~



- 1           ~~57-51.1-02, the industrial commission's certification must be submitted to the tax~~  
2           ~~commissioner within eighteen months after a new well is completed.~~
- 3       3. ~~To receive, from the first day of eligibility, a tax exemption under subsection 4 of~~  
4           ~~section 57-51.1-03 and a rate reduction for a work-over well under section 57-51.1-02,~~  
5           ~~the industrial commission's certification must be submitted to the tax commissioner~~  
6           ~~within eighteen months after the work-over project is completed.~~
- 7       4. b. To receive, from the first day of eligibility, a tax exemption under subsection 3 of  
8           section 57-51.1-03 and a tax rate reduction under section 57-51.1-02 on  
9           production from a secondary or tertiary project, the industrial commission's  
10          certification must be submitted to the tax commissioner within the following time  
11          periods:
- 12       a. ~~For a tax exemption, within eighteen months after the month in which the first~~  
13          ~~incremental oil was produced.~~
- 14       b. ~~For a tax rate reduction, within eighteen months after the end of the period~~  
15          ~~qualifying the project for the rate reduction.~~
- 16       5. c. To receive, from the first day of eligibility, a tax exemption or the reduction on  
17          production for which any other tax exemption or rate reduction may apply, the  
18          industrial commission's certification must be submitted to the tax commissioner  
19          within eighteen months of the completion, recompletion, or other qualifying date.
- 20       6. ~~To receive, from the first day of eligibility, a tax exemption under subsection 6 of~~  
21          ~~section 57-51.1-03 on production from a two-year inactive well, the industrial~~  
22          ~~commission's certification must be submitted to the tax commissioner within eighteen~~  
23          ~~months after the end of the two-year inactive well's qualification period.~~
- 24       2. If the industrial commission's certification is not submitted to the tax commissioner  
25          within the eighteen-month period provided in this section, then the exemption or rate  
26          reduction does not apply for the production periods in which the certification is not on  
27          file with the tax commissioner. When the industrial commission's certification is  
28          submitted to the tax commissioner after the eighteen-month period, the tax exemption  
29          or rate reduction applies to prospective production periods only and the exemption or  
30          rate reduction is effective the first day of the month in which the certification is  
31          received by the tax commissioner.



1       **SECTION 19. AMENDMENT.** Subsection 19 of section 58-03-07 of the North Dakota  
2 Century Code is amended and reenacted as follows:

3       19. To support an airport or to support or create an airport authority ~~and to levy a tax for~~  
4 ~~airport purposes within the limitations of section 57-15-37.1.~~

5       **SECTION 20. REPEAL.** Sections 54-40.3-03, 57-15-10.2, 57-38-01.29, and 57-38-01.30 of  
6 the North Dakota Century Code are repealed.

7       **SECTION 21. EFFECTIVE DATE.** Section ~~16~~18 of this Act is effective for taxable events  
8 occurring after December 31, 2015.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1043

Page 1, line 2, after "14-20-12" insert ", subsection 1 of section 15.1-21-02.1"

Page 1, line 3, after "52-10-07" insert ", subsection 3 of section 54-44.7-03"

Page 1, line 4, after "54-52-01" insert ", subsection 3 of section 54-52-05"

Page 1, line 5, replace "subsections 2 and" with "subsection"

Page 1, line 5, remove the second "and"

Page 1, line 5, after "57-51.1-03.1" insert ", and subsection 19 of section 58-03-07"

Page 2, after line 14, insert:

**"SECTION 4. AMENDMENT.** Subsection 1 of section 15.1-21-02.1 of the North Dakota Century Code is amended and reenacted as follows:

1. The twenty-two units of high school coursework set forth in section ~~15.1-21-02.1~~ 15.1-21-02.2; and"

Page 5, after line 29, insert:

**"SECTION 11. AMENDMENT.** Subsection 3 of section 54-44.7-03 of the North Dakota Century Code is amended and reenacted as follows:

3. The date for submission of information from interested persons or firms in response to an invitation must be not less than twenty-one days after publication of the invitation. Interested architect, engineer, and land surveying persons or firms must be required to respond to the invitation with the submission of the information required in general services administration forms ~~SF 254 and SF 255~~ form SF330, architect-engineer related services questionnaire for specific project, or such similar information as the agency selection committee may prescribe by rule."

Page 6, after line 5, insert:

**"SECTION 13. AMENDMENT.** Subsection 3 of section 54-52-05 of the North Dakota Century Code is amended and reenacted as follows:

3. Each employer, at its option, may pay all or a portion of the employee contributions required by subsection 2 and sections 54-52-06.1, 54-52-06.2, 54-52-06.3, and 54-52-06.4 or the employee contributions required to purchase service credit on a pretax basis pursuant to subsection 5 of section 54-52-17.4. Employees may not receive the contributed amounts directly once the employer has elected to pay the employee contributions. The amount paid must be paid by the employer in lieu of contributions by the employee. If the state determines not to pay the contributions, the amount that would have been paid must continue to be deducted from the employee's compensation. If contributions are paid by the employer, they must be treated as employer contributions in determining tax treatment under this code and the federal Internal

Revenue Code. If contributions are paid by the employer, they may not be included as gross income of the employee in determining tax treatment under this code and the Internal Revenue Code until they are distributed or made available. The employer shall pay these employee contributions from the same source of funds used in paying compensation to the employee or ~~from the levy authorized by subsection 5 of section 57-15-28.1.~~ The employer shall pay these contributions by effecting an equal cash reduction in the gross salary of the employee or by an offset against future salary increases or by a contribution of a reduction in gross salary and offset against future salary increases. If employee contributions are paid by the employer, they must be treated for the purposes of this chapter in the same manner and to the same extent as employee contributions made prior to the date on which employee contributions were assumed by the employer. An employer exercising its option under this subsection shall report its choice to the board in writing."

Page 7, remove lines 28 and 29

Page 8, remove lines 1 through 31

Page 9, remove lines 1 through 31

Page 10, remove lines 1 through 31

Page 11, remove lines 1 through 13

Page 13, after line 23, insert:

**"SECTION 19. AMENDMENT.** Subsection 19 of section 58-03-07 of the North Dakota Century Code is amended and reenacted as follows:

19. To support an airport or to support or create an airport authority and to levy a tax for airport purposes within the limitations of section 57-15-37.1."

Page 13, line 26, replace "16" with "18"

Renumber accordingly