

Fifty-sixth  
Legislative Assembly  
of North Dakota

## HOUSE BILL NO. 1481

Introduced by

Representatives Warner, Fairfield, Gulleason, Nowatzki

Senators Heitkamp, Tallackson

1 A BILL for an Act to amend and reenact sections 57-15-31 and 57-39.2-26.1 of the North  
2 Dakota Century Code, relating to adjustments of property tax levies and allocations to the state  
3 aid distribution fund from sales, use, and motor vehicle excise tax revenues; and to provide an  
4 effective date.

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

6 **SECTION 1. AMENDMENT.** Section 57-15-31 of the 1997 Supplement to the North  
7 Dakota Century Code is amended and reenacted as follows:

8 **57-15-31. Determination of levy.** The amount to be levied by any county, city,  
9 township, school district, park district, or other municipality authorized to levy taxes shall be  
10 computed by deducting from the amount of estimated expenditures for the current fiscal year as  
11 finally determined, plus the required reserve fund determined upon by the governing board from  
12 the past experience of the taxing district, the total of the following items:

- 13 1. The available surplus consisting of the free and unencumbered cash balance.
- 14 2. Estimated revenues from sources other than direct property taxes.
- 15 3. The total estimated collections from tax levies for previous years.
- 16 4. Such expenditures as are to be made from bond sources.
- 17 5. The amount of distributions received from an economic growth increment pool  
18 under section 57-15-61.
- 19 6. The estimated amount to be received from payments in lieu of taxes on a project  
20 under section 40-57.1-03.
- 21 7. The amount of distributions received from the state aid distribution fund under  
22 section 57-39.2-26.1.

23 Allowance may be made for a permanent delinquency or loss in tax collection not to exceed five  
24 percent of the amount of the levy.

1           **SECTION 2. AMENDMENT.** Section 57-39.2-26.1 of the 1997 Supplement to the  
2 North Dakota Century Code is amended and reenacted as follows:

3           **57-39.2-26.1. Allocation of revenues among political subdivisions and coal**  
4 **development fund.** Notwithstanding any other provision of law, a portion of sales, use, and  
5 motor vehicle excise tax collections, excluding collections allocated under subsection 3, equal  
6 to ~~forty percent~~ forty-four percent, in 1999 and 2000; forty-eight percent, in 2001 and 2002;  
7 fifty-two percent, in 2003 and 2004; fifty-six percent, in 2005 and 2006; and sixty percent, after  
8 2006, of an amount determined by multiplying the quotient of one percent divided by the  
9 general sales tax rate, that was in effect when the taxes were collected, times the net sales,  
10 use, and motor vehicle excise tax collections under chapters 57-39.2, 57-40.2, and 57-40.3  
11 must be deposited by the state treasurer in the state aid distribution fund. The state tax  
12 commissioner shall certify to the state treasurer the portion of sales, use, and motor vehicle  
13 excise tax net revenues that must be deposited in the state aid distribution fund as determined  
14 under this section. Revenues deposited in the state aid distribution fund are provided as a  
15 standing and continuing appropriation and must be allocated as follows:

- 16           1. Fifty-three and seven-tenths percent of the revenues must be allocated to counties  
17 in the first month after each quarterly period as provided in this subsection.
- 18           a. Ten and four-tenths percent of the amount must be allocated among counties  
19 with a population of one hundred thousand or more, based upon the  
20 proportion each such county's population bears to the total population of all  
21 such counties.
- 22           b. Eighteen percent of the amount must be allocated among counties with a  
23 population of forty thousand or more but fewer than one hundred thousand,  
24 based upon the proportion each such county's population bears to the total  
25 population of all such counties.
- 26           c. Twelve percent of the amount must be allocated among counties with a  
27 population of twenty thousand or more but fewer than forty thousand, based  
28 upon the proportion each such county's population bears to the total  
29 population of all such counties.
- 30           d. Fourteen percent of the amount must be allocated among counties with a  
31 population of ten thousand or more but fewer than twenty thousand, based

upon the proportion each such county's population bears to the total population of all such counties.

e. Twenty-three and two-tenths percent of the amount must be allocated among counties with a population of five thousand or more but fewer than ten thousand, based upon the proportion each such county's population bears to the total population of all such counties.

f. Eighteen and three-tenths percent of the amount must be allocated among counties with a population of two thousand five hundred or more but fewer than five thousand, based upon the proportion each such county's population bears to the total population of all such counties.

g. Four and one-tenth percent of the amount must be allocated among counties with a population of fewer than two thousand five hundred, based upon the proportion each such county's population bears to the total population of all such counties.

A county shall deposit all revenues received under this subsection in the county general fund. Each county shall reserve a portion of its allocation under this subsection for further distribution to, or expenditure on behalf of, townships, rural fire protection districts, rural ambulance districts, soil conservation districts, county recreation service districts, county hospital districts, the Garrison diversion conservancy district, the southwest water authority, and other taxing districts within the county, excluding school districts, cities, and taxing districts within cities. The share of the county allocation under this subsection to be distributed to a township must be equal to the percentage of the county share of state aid distribution fund allocations that township received during calendar year 1996. The governing boards of the county and township may agree to a different distribution.

2. Forty-six and three-tenths percent of the revenues must be allocated to cities in the first month after each quarterly period as provided in this subsection.

a. Fifty-three and nine-tenths percent of the amount must be allocated among cities with a population of twenty thousand or more, based upon the proportion each such city's population bears to the total population of all such cities.

- 1           b. Sixteen percent of the amount must be allocated among cities with a  
2           population of ten thousand or more but fewer than twenty thousand, based  
3           upon the proportion each such city's population bears to the total population  
4           of all such cities.
- 5           c. Four and nine-tenths percent of the amount must be allocated among cities  
6           with a population of five thousand or more but fewer than ten thousand, based  
7           upon the proportion each such city's population bears to the total population  
8           of all such cities.
- 9           d. Thirteen and one-tenth percent of the amount must be allocated among cities  
10          with a population of one thousand or more but fewer than five thousand,  
11          based upon the proportion each such city's population bears to the total  
12          population of all such cities.
- 13          e. Six and four-tenths percent of the amount must be allocated among cities with  
14          a population of five hundred or more but fewer than one thousand, based  
15          upon the proportion each such city's population bears to the total population  
16          of all such cities.
- 17          f. Three and five-tenths percent of the amount must be allocated among cities  
18          with a population of two hundred or more but fewer than five hundred, based  
19          upon the proportion each such city's population bears to the total population  
20          of all such cities.
- 21          g. Two and two-tenths percent of the amount must be allocated among cities  
22          with a population of fewer than two hundred, based upon the proportion each  
23          such city's population bears to the total population of all such cities.

24          A city shall deposit all revenues received under this subsection in the city general  
25          fund. Each city shall reserve a portion of its allocation under this subsection for  
26          further distribution to, or expenditure on behalf of, park districts and other taxing  
27          districts within the city, excluding school districts. The share of the city allocation  
28          under this subsection to be distributed to a park district must be equal to the  
29          percentage of the city share of state aid distribution fund allocations that park  
30          district received during calendar year 1996, up to a maximum of thirty percent. The  
31          governing boards of the city and park district may agree to a different distribution.

1           3.   Notwithstanding any other provision of law, the sales and use tax collections on  
2                   coal imposed by subsection 3 of section 57-39.2-02.1 and subsection 3 of section  
3                   57-40.2-02.1 must be deposited in the coal development fund established under  
4                   section 57-61-10 and distributed under section 57-62-02.

5           **SECTION 3. EFFECTIVE DATE.** This Act is effective for state aid distribution fund  
6   allocations and taxable years beginning after December 31, 1998.