

Sixty-first  
Legislative Assembly  
of North Dakota

## HOUSE CONCURRENT RESOLUTION NO.

Introduced by

Representative Ruby

1 A concurrent resolution for the amendment of sections 1, 4, 14, 15, and 16 of Article X of the  
2 Constitution of North Dakota, relating to elimination of property taxes; to repeal sections 5, 6, 7,  
3 9, and 10 of Article X of the Constitution of North Dakota, relating to elimination of property  
4 taxes; and to provide an effective date.

### 5 **STATEMENT OF INTENT**

6 This measure prohibits imposition of property taxes in the state effective January 1, 2012.

7 **NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES**  
8 **OF NORTH DAKOTA, THE SENATE CONCURRING THEREIN:**

9 That the following proposed amendments to sections 1, 4, 14, 15, and 16 of Article X and  
10 repeal of sections 5, 6, 7, 9, and 10 of Article 10 of the Constitution of North Dakota are agreed  
11 to and must be submitted to the qualified electors of North Dakota at the general election to be  
12 held in 2010, in accordance with section 16 of Article IV of the Constitution of North Dakota.

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

15 **Section 1.** The legislative assembly an all political subdivisions shall be prohibited from  
16 raising revenue to defray the expenses of the state through the levying of a tax on the assessed  
17 value of real or personal property.

18 **SECTION 2. AMENDMENT.** Section 4 of article X of the Constitution of North Dakota  
19 is amended and reenacted as follows:

20 **Section 4.** ~~All taxable property except as hereinafter in this section provided, shall be~~  
21 ~~assessed in the county, city, township, village or district in which it is situated, in the manner~~  
22 ~~prescribed by law. The property, including franchises of all railroads operated in this state, and~~  
23 ~~of all express companies, freight line companies, dining car companies, sleeping car~~  
24 ~~companies, car equipment companies, or private car line companies, telegraph or telephone~~  
25 ~~companies, the property of any person, firm or corporation used for the purpose of furnishing~~

1 ~~electric light, heat or power, or in distributing the same for public use, and the property of any~~  
2 ~~other corporation, firm or individual now or hereafter operating in this state, and used directly or~~  
3 ~~indirectly in the carrying of persons, property or messages, shall be assessed by the state~~  
4 ~~board of equalization in a manner prescribed by such state board or commission as may be~~  
5 ~~provided by law. But should any railroad allow any portion of its railway to be used for any~~  
6 ~~purpose other than the operation of a railroad thereon, such portion of its railway, while so used~~  
7 ~~shall be assessed in a manner provided for the assessment of other real property.~~

8 1. Taxes upon real property that had been utilized to fund the operations of counties,  
9 cities, towns, villages and townships and public elementary and secondary schools  
10 shall be funded from the proceeds of revenues raised through sales taxes,  
11 personal income taxes and corporate income taxes, oil and gas production tax, oil  
12 extraction tax, cigarette and tobacco tax, lottery revenues and financial institutions  
13 tax.

14 2. The legislature shall direct as much oil and gas production tax, oil extraction tax,  
15 cigarette and tobacco tax, lottery revenue and financial institutions tax as  
16 necessary to fund the forty percent of public and secondary education not funded  
17 through state foundation aid revenue.

18 a. The state cannot condition the expenditure of this portion of secondary and  
19 elementary education funding in any manner and the local school board shall  
20 have sole discretion in how to allocate the expenditure of this portion of the  
21 elementary and secondary funding provided.

22 b. A share of sales taxes, personal income taxes, corporate income taxes. Insurance  
23 premium taxes, wholesale liquor taxes, mineral leasing fees, gaming taxes and any  
24 oil and gas production tax, oil production tax, cigarette and tobacco tax, lottery  
25 revenue and financial institutions tax not allocated to public elementary and  
26 secondary schools shall be directed to counties, cities, towns, villages and  
27 townships as follows:

28 a. The legislature shall devise a formula to fully and properly fund the legally  
29 imposed obligations of the counties, cities, towns, villages and townships.

30 (1) The allocation of the amount derived shall be provided to the elected  
31 bodies of said counties, cities, towns, villages and townships.

1                   (2) How said counties, cities, towns, villages and townships choose to  
2                   allocate the expenditures of said revenue shall be at the sole direction  
3                   of the elected bodies of said counties, cities, towns, villages and  
4                   townships.

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

7                   **Section 14.**

- 8                   1. Notwithstanding any other provision in the constitution, and for the purpose of  
9                   promoting the economic growth of the state, the development of its natural  
10                  resources, and the prosperity and welfare of its people, the state may issue bonds  
11                  and use the proceeds thereof to make loans to privately or cooperatively owned  
12                  enterprises to plan, construct, acquire, equip, improve, and extend facilities for  
13                  converting natural resources into power and generating and transmitting such  
14                  power, and to acquire real and personal property and water and mineral rights  
15                  needed for such facilities.
- 16                  2. The state may issue general obligation bonds for this purpose to an amount which,  
17                  with all outstanding general obligation bonds, less the amount of all money on  
18                  hand and taxes in process of collection which are appropriated for their payment,  
19                  will not exceed five percent of the full and true value of all of the taxable property in  
20                  the state, to be ascertained by the last assessment made for state and county  
21                  purposes: but nothing herein shall increase or diminish the limitations established  
22                  by other provisions of the constitution on the amount of bonds therein authorized to  
23                  be issued.
- 24                  3. The state may also issue revenue bonds for the purpose of providing part or all of  
25                  the funds required for any project undertaken under subsection 1, payable solely  
26                  from sums realized from payments of principal and interest on money loaned for  
27                  such project, and from other similar projects if so determined by the legislature,  
28                  and from the liquidation of security given for such payments. Revenue bonds  
29                  issued for any project shall not exceed the cost thereof, including all expenses  
30                  reasonably incurred to complete and finance the project, but shall not be subject to  
31                  any other limitation of amount.

- 1           4. The full faith and credit of the state shall be pledged for the prompt and full  
2           payment of all bonds issued under subsection 2. Its obligation with respect to  
3           bonds issued under subsection 3 shall be limited to the prompt and full  
4           performance of such covenants as the legislature may authorize to be made  
5           respecting the enforcing of the provisions of underlying loan agreements and the  
6           segregation, accounting, and application of bond proceeds and of loan payments  
7           and other security pledged for the payment of the bonds. All bonds authorized by  
8           subsections 1 to 3, inclusive, shall mature within forty years from their respective  
9           dates of issue, but may be refunded at or before maturity in such manner and for  
10          such term and upon such conditions as the legislature may direct. Any such bonds  
11          may, but need not be, secured by mortgage upon real or personal property  
12          acquired with the proceeds of the same or any other issue of general obligation or  
13          revenue bonds, or upon other property mortgaged by the debtor. Pledges of  
14          revenues and mortgages of property securing bonds of any issue may be prior or  
15          subordinate to or on a parity with pledges and mortgages securing any other issue  
16          of general obligation or revenue bonds, as determined by the legislature from time  
17          to time in conformity with any provisions made for the security of outstanding  
18          bonds.
- 19          5. The legislature shall pass such laws as are appropriate to implement this  
20          amendment.
- 21          6. If any subsection of this amendment, or any part of a subsection, or any application  
22          thereof to particular circumstances should be held invalid for any reason, such  
23          invalidity shall not affect the validity of all remaining provisions of this amendment  
24          which may be given effect without that which is declared invalid, as applied to any  
25          circumstances and for this purpose all subsections and parts of subsections and  
26          applications thereof are declared to be severable.

27           **SECTION 4. AMENDMENT.** Section 15 of article X of the Constitution of North Dakota  
28 is amended and reenacted as follows:

29           **Section 15.** The debt of any county, township, city, town, school district or any other  
30 political subdivision, shall never exceed five per centum upon the assessed value of the taxable  
31 property therein; provided that any incorporated city may, by a two-thirds vote, increase such

1 indebtedness three per centum on such assessed value beyond said five per centum limit, and  
2 a school district, by a majority vote may increase such indebtedness five percent on such  
3 assessed value beyond said five per centum limit; provided also that any county or city by a  
4 majority vote may issue bonds upon any revenue-producing utility owned by such county or  
5 city, or for the purchasing or acquiring the same or building or establishment thereof, in  
6 amounts not exceeding the physical value of such utility, industry or enterprise.

7 In estimating the indebtedness which a city, county, township, school district or any  
8 other political subdivision may incur, the entire amount, exclusive of the bonds upon said  
9 revenue-producing utilities, whether contracted prior or subsequent to the adoption of this  
10 constitution, shall be included; provided further that any incorporated city may become indebted  
11 in any amount not exceeding four per centum of such assessed value without regard to the  
12 existing indebtedness of such city for the purpose of constructing or purchasing waterworks for  
13 furnishing a supply of water to the inhabitants of such city, or for the purpose of constructing  
14 sewers, and for no other purposes whatever. All bonds and obligations in excess of the amount  
15 of indebtedness permitted by this constitution, given by any city, county, township, town, school  
16 district, or any other political subdivision shall be void.

17 **SECTION 5. AMENDMENT.** Section 16 of article X of the Constitution of North Dakota  
18 is amended and reenacted as follows:

19 **Section 16.** Any city, county, township, town, school district or any other political  
20 subdivision incurring indebtedness shall, at or before the time of so doing, provide for the  
21 collection of an annual tax sufficient to pay the interest and also the principal thereof when due,  
22 and all laws or ordinances providing for the payment of the interest or principal of any debt shall  
23 be irrevocable until such debt be paid.

24 **SECTION 6. REPEAL.** Sections 5, 6, 7, 9, and 10 of article X of the Constitution of  
25 North Dakota is repealed.

26 **Section 5.** Taxes shall be uniform upon the same class of property including franchises  
27 within the territorial limits of the authority levying the tax. The legislative assembly may by law  
28 exempt any or all classes of personal property from taxation and within the meaning of this  
29 section, fixtures, buildings and improvements of every character, whatsoever, upon land shall  
30 be deemed personal property. The property of the United States, to the extent immunity from  
31 taxation has not been waived by an act of Congress, property of the state, county, and

1 municipal corporations, to the extent immunity from taxation has not been waived by an act of  
2 the legislative assembly, and property used exclusively for schools, religious, cemetery,  
3 charitable or other public purposes shall be exempt from taxation. Real property used for  
4 conservation or wildlife purposes is not exempt from taxation unless an exemption is provided  
5 by the legislative assembly. Except as restricted by this article, the legislative assembly may  
6 provide for raising revenue and fixing the situs of all property for the purpose of taxation.  
7 Provided that all taxes and exemptions in force when this amendment is adopted shall remain  
8 in force until otherwise provided by statute.

9 **Section 6.** The legislative assembly may provide for the levy, collection and disposition  
10 of an annual poll tax of not more than one dollar and fifty cents on every male inhabitant of this  
11 state over twenty-one and under fifty years of age, except paupers, idiots, insane persons and  
12 Indians not taxed.

13 **Section 7.** The legislature may by law provide for the levy and collection of an acreage  
14 tax on lands within the state in addition to the limitations specified in article X, section 1, of the  
15 constitution. The proceeds of such tax shall be used to indemnify the owners of growing crops  
16 against damages by hail, provided that lands used exclusively for public roads, rights of way of  
17 common carriers, mining, manufacturing or pasturage may be exempt from such tax.

18 **Section 9.** The legislative assembly may provide for the levy of a tax upon lands within  
19 the state for the purpose of creating a fund to insure the owners of growing crops against losses  
20 by hail. The legislative assembly may classify lands within the state, and divide the state into  
21 districts on such basis as shall seem just and necessary, and may vary the tax rates in such  
22 districts in accordance with the risk, in order to secure an equitable distribution of the burden of  
23 the tax among the owners of such lands.

24 **Section 10.**

25 1. Upon the adoption of this amendment to the Constitution of the State of North  
26 Dakota there shall be annually levied by the state of North Dakota one mill upon all  
27 of the taxable property within the state of North Dakota which, when collected, shall  
28 be covered into the state treasury of the state of North Dakota and placed to the  
29 credit of the North Dakota state medical center at the university of North Dakota;  
30 said fund shall be expended as the legislature shall direct for the development and

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1 maintenance necessary to the efficient operation of the said North Dakota state  
2 medical center.

3 2. This amendment shall be self-executing, but legislation may be enacted to facilitate  
4 its operation.

5 **SECTION 7. EFFECTIVE DATE.** If approved by the voters, this Act becomes effective  
6 on January 1, 2012.