

HOUSE BILL NO. 1194

Introduced by

Representatives Porter, Belter, R. Kelsch

Senators Cook, Fischer, Hogue

1 A BILL for an Act to create and enact chapter 57-15.1 of the North Dakota Century Code,
2 relating to truth in property taxation and determination and application of a certified tax rate for
3 cities, counties, school districts, and city park districts; and to provide an effective date.

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

5 **SECTION 1.** Chapter 57-15.1 of the North Dakota Century Code is created and enacted as
6 follows:

7 **57-15.1-01. Definitions.**

8 For purposes of this chapter:

- 9 1. "Base year" means the taxing district's taxable year immediately preceding the budget
10 year.
- 11 2. "Budget year" means the taxing district's year for which the property tax levy of the
12 taxing district is being determined.
- 13 3. "Certified tax rate" means the property tax levy, expressed in mills, that will provide the
14 same amount of property tax revenue as the property tax levy in the base year,
15 excluding consideration of new growth and levies excluded under subsection 5.
- 16 4. "New growth" means the final budget year taxable valuation of any taxable property
17 that was not taxable in the taxing district for the base year minus the base year taxable
18 valuation of any property that was taxable in the base year but is not taxable in the
19 budget year.
- 20 5. "Property tax levy" means the tax rate, expressed in mills, for all property taxes levied
21 by the taxing district:
 - 22 a. Minus any irrepealable tax to pay bonded indebtedness.
 - 23 b. Minus the levy for the state medical center.

- 1 c. Plus the amount of the increase in new or increased mill levy authority authorized
2 by the legislative assembly or the electors of the taxing district for the budget
3 year which were not authorized in the base year.
- 4 d. Minus the amount of any expired mill levy authority authorized by the legislative
5 assembly or electors of the taxing district for the base year which is not
6 authorized for the budget year.
- 7 e. Minus combined levies for county road and bridge, farm-to-market and federal
8 aid road, and county road purposes in the amount required to qualify for county
9 allocations under section 57-51-15.
- 10 f. Minus unlimited levies as authorized by law.

11 6. "Taxing district" means a city, county, school district, or city park district but does not
12 include any such taxing district that levied a property tax levy of less than twenty
13 thousand dollars for the base year and sets a budget for the budget year calling for a
14 property tax levy of less than twenty thousand dollars.

15 **57-15.1-02. Certified tax rate.**

16 By July tenth of each year, the county auditor shall determine and provide to the governing
17 body of each taxing district the estimated certified tax rate for the taxing district for the budget
18 year. The auditor shall estimate the taxable valuation for the taxing district for the budget year
19 by using the best available information or by applying the rate of increase of taxable valuation of
20 existing property which occurred in the base year.

21 **57-15.1-03. Property tax increase requirements.**

- 22 1. Notwithstanding any other provision of law, a taxing district may not levy property
23 taxes for the budget year in an amount exceeding the amount that would be generated
24 by the certified tax rate unless the taxing district complies with the requirements of this
25 chapter.
- 26 2. If a taxing district wishes to obtain authority to impose a property tax levy for the
27 budget year exceeding the certified tax rate, it shall notify the county auditor by July
28 thirty-first of its intent to exceed the certified tax rate and the tax rate and percentage
29 increase it proposes to levy.

1 3. A taxing district that provides notice to the county auditor under subsection 1 shall
2 notify the county auditor of the date, time, and place for the public hearing required
3 under section 57-15.1-04.

4 **57-15.1-04. Notice and hearing.**

5 1. At least ten days before the date of the public hearing under subsection 3, the county
6 auditor shall mail notice to all owners of taxable property in a taxing district of any
7 notice received from the governing body of that taxing district under subsection 1 of
8 section 57-15.1-03. The mailed notice must be provided in a format prescribed by the
9 tax commissioner for all taxing districts in the state. The notice must contain:

- 10 a. The true and full valuation and taxable valuation of the taxpayer's property.
11 b. The date, time, and place of the required public hearing for the taxing district.
12 c. The dollar amount the taxpayer would have paid in property taxes to the taxing
13 district by application of the certified tax rate to the budget year taxable valuation
14 of the property and the dollar amount and percentage increase of the taxpayer's
15 property tax liability to the taxing district under the proposed rate.

16 2. The governing body of a taxing district that has notified the county auditor of its intent
17 to exceed the certified tax rate shall cause publication of notice as required under this
18 subsection in the official county newspaper once each week for two consecutive
19 weeks, with the second publication of the notice completed not fewer than three days
20 before the public hearing required under subsection 3. The advertisement may not be
21 placed in the portion of the newspaper where legal notices and classified
22 advertisements appear. The advertisement must be in a format prescribed by the tax
23 commissioner. The advertisement must be:

- 24 a. Not less than one-fourth page in size;
25 b. In type no smaller than eighteen point; and
26 c. Surrounded by a one-quarter-inch border.

27 3. A public hearing required by this chapter:

- 28 a. Is a public meeting.
29 b. May not be scheduled at the same time as the public hearing of another taxing
30 district in the same county which contains taxable property also included in the
31 taxing district holding the public hearing. Taxing districts may consolidate public

1 hearings. The board of county commissioners shall resolve any conflicts in public
2 hearing dates and times after consultation with each affected taxing district.

3 c. May not begin earlier than six p.m.

4 4. The governing body of a taxing district conducting a public hearing under this section
5 shall provide an interested party desiring to be heard an opportunity to present oral
6 testimony within reasonable time limits and shall provide an interested party desiring
7 to submit written comments an opportunity to file written comments with the governing
8 body.

9 5. A taxing district that intends to exceed its certified tax levy may not adopt its final
10 budget until the public hearing under this section has been held. A public hearing
11 under this section may be held to coincide with a hearing on the proposed budget of
12 the taxing district.

13 6. If the governing body of the taxing district does not make a final decision on imposing
14 a levy exceeding the certified tax rate at the public hearing described in this section,
15 the governing body shall announce at that public hearing the scheduled time and
16 place of the next public meeting at which the governing body will consider final
17 adoption of a budget that would result in a tax rate exceeding the tax district's certified
18 tax rate.

19 **57-15.1-05. Resolution adopting an excess levy.**

20 A taxing district may not impose a tax rate that exceeds the taxing district's certified tax rate
21 unless the governing body adopts a resolution stating that the requirements of this chapter have
22 been met, a public hearing has been conducted, and the governing body has considered all oral
23 and written testimony regarding the issue. The resolution must state the tax rate and
24 percentage increase, as compared to the certified tax rate, the taxing district will levy.
25 Notwithstanding any other provision of law, the final budget adopted by the taxing district may
26 not provide for a property tax levy exceeding the tax rate and percentage increase stated in the
27 resolution or the tax rate and percentage increase stated in the notice to the county auditor
28 under section 57-15.1-03, whichever is less.

29 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
30 December 31, 2011.