

**FIRST ENGROSSMENT
with Senate Amendments
ENGROSSED 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; to amend and reenact sections 11-23-03,
4 40-40-04, 40-40-06, and 57-15-13 of the North Dakota Century Code, relating to county, city,
5 park district, and school district property tax levies and hearings; and to provide an effective
6 date.

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

8 **SECTION 1. AMENDMENT.** Section 11-23-03 of the North Dakota Century Code is
9 amended and reenacted as follows:

10 **11-23-03. Notice of meeting to act on county budget.**

11 ~~The estimates of necessary expenditures and the tax levies required therefor as shown by~~
12 ~~the auditor's budget statement, together with a~~A notice that the board of county commissioners
13 will meet on a specified date on or before September fifteenth for the purpose of making tax
14 levies as set forth in the estimates, naming the time and place of holding such meeting,
15 ~~shall~~must be published in at least one issue of the official newspaper of the county. The county
16 auditor shall notify by mail the township and city officers in regard to the date of such meeting. If
17 the county is required to hold a public hearing under chapter 57-15.1 and chooses to conduct
18 that hearing in conjunction with the hearing under this section, publication of the notice required
19 under this section may be consolidated with publication of the notice under section 57-15.1-04.

20 **SECTION 2. AMENDMENT.** Section 40-40-04 of the North Dakota Century Code is
21 amended and reenacted as follows:

22 **40-40-04. Municipality to prepare preliminary budget statement.**

23 The governing body of each municipality, annually on or before September ~~tenth~~fifth, shall
24 make an itemized statement known as the preliminary budget statement showing the amounts

1 of money which, in the opinion of the governing body, will be required for the proper
2 maintenance, expansion, or improvement of the municipality during the year.

3 **SECTION 3. AMENDMENT.** Section 40-40-06 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **40-40-06. Notice of preliminary budget statement - Public hearing - Contents - How**
6 **given.**

7 After the governing body has prepared the preliminary budget statement, the auditor of the
8 municipality shall give notice that:

- 9 1. The preliminary budget is on file in the office of the auditor and may be examined by
10 anyone upon request.
- 11 2. The governing body shall meet no later than October seventh at the time and place
12 specified in the notice as prescribed by subsection 3 for the purpose of adopting the
13 final budget and making the annual tax levy.
- 14 3. The governing body shall hold a public ~~session~~hearing on or before September
15 fifteenth at the time and place designated in the notice of hearing at which any
16 taxpayer may appear and discuss with the body any item of proposed expenditures or
17 may object to any item or amount.

18 The notice must contain a statement of the total proposed expenditures for each fund in the
19 preliminary budget, but need not contain any detailed statement of the proposed expenditures.
20 The notice must be published at least once, not less than six days prior to the budget hearing,
21 in a newspaper published in the municipality, if there is one, and if no newspaper is published in
22 the municipality, the notice must be published not less than six days prior to the meeting in the
23 official city newspaper as provided by section 40-01-09. If the municipality is required to hold a
24 public hearing under chapter 57-15.1 and chooses to conduct that hearing in conjunction with
25 the hearing under this section, publication of the notice required under this section may be
26 consolidated with publication of the notice under section 57-15.1-04.

27 **SECTION 4. AMENDMENT.** Section 57-15-13 of the North Dakota Century Code is
28 amended and reenacted as follows:

29 **57-15-13. School district tax levies - Public hearing on budget and levies.**

30 School district taxes must be levied by the governing body of each school district on or
31 before the fifteenth day of August of each year. The governing body of the school district may

1 amend its tax levy and budget for the current fiscal year on or before the tenth day of October of
2 each year but the certification must be filed with the county auditor within the time limitations
3 under section 57-15-31.1.

4 1. Taxes for school district purposes must be based upon an itemized budget statement
5 which must show the complete expenditure program of the district for the current fiscal
6 year and the sources of the revenue from which it is to be financed.

7 2. The school board of each public school district, in levying taxes, is limited by the
8 amount necessary to be raised for the purpose of meeting the appropriations included
9 in the school budget of the current fiscal year, and the sum necessary to be provided
10 as an interim fund, together with a tax sufficient in amount to pay the interest on the
11 bonded debt of the district and to provide a sinking fund to pay and discharge the
12 principal thereof at maturity.

13 3. On or before September fifteenth of each year, the school board of each public school
14 district shall hold a public hearing on its proposed budget and tax levies if the school
15 board is required to hold a public hearing under chapter 57-15.1.

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

18 **57-15.1-01. Definitions.**

19 For purposes of this chapter:

20 1. "Certified tax rate" means the number of mills against the current year taxable
21 valuation, excluding consideration of new growth, which will provide the same amount
22 of property tax revenue as the property tax levy in the prior year.

23 2. "Current year" means the taxing district's year for which the property tax levy of the
24 taxing district is being determined.

25 3. "New growth" means the taxable valuation of any property that was not taxable in the
26 prior year.

27 4. "Prior year" means the taxing district's taxable year immediately preceding the current
28 year.

29 5. "Property tax levy" means the tax rate, expressed in mills, for all property taxes levied
30 by the taxing district.

1 6. "Taxing district" means a city, county, school district, or city park district but does not
2 include any such taxing district that levied a property tax levy of less than one hundred
3 thousand dollars for the prior year and sets a budget for the current year calling for a
4 property tax levy of less than one hundred thousand dollars.

5 **57-15.1-02. Certified tax rate.**

6 Within thirty days after the meeting of the county board of equalization, the county auditor
7 shall determine and provide to the governing body of each taxing district the certified tax rate for
8 the taxing district for the current year. The auditor shall use the taxable valuation for the taxing
9 district for the current year as equalized by the county board of equalization and a reasonable
10 estimate of the taxable valuation of centrally assessed property for the current year.

11 **57-15.1-03. Property tax increase requirements.**

12 Notwithstanding any other provision of law, a taxing district may not levy property taxes for
13 the current year in an amount exceeding the amount that would be generated by the certified
14 tax rate unless the taxing district complies with the requirements of this chapter.

15 **57-15.1-04. Notice and hearing.**

- 16 1. The governing body of a taxing district that intends to levy property taxes at a rate
17 exceeding the certified tax rate shall cause publication of notice in the official county
18 newspaper, with the publication of the notice completed not fewer than seven days
19 before the public hearing required under subsection 2. The notice must be not less
20 than one-fourth page in size with a heading in capitalized boldface type stating
21 "IMPORTANT NOTICE TO (name of taxing district) TAXPAYERS". The heading and
22 stated percentage increase above the certified tax rate must be printed in a type size
23 four points larger than the other print in the notice. The text of the notice must contain:
- 24 a. The date, time, and place of the required public hearing for the taxing district.
 - 25 b. A statement that the taxing district will be conducting a public hearing to consider
26 increasing its property tax levy in dollars by a stated percentage, expressed as a
27 percentage increase exceeding the certified tax rate.
 - 28 c. A statement that there will be an opportunity for citizens to present oral or written
29 testimony regarding the budget and levy of the taxing district.
 - 30 d. Any other information the taxing district wishes to provide to inform taxpayers.
- 31 2. A public hearing required by this chapter:

- 1 a. Is a public meeting.
- 2 b. May not be scheduled at the same time as the public hearing of another taxing
- 3 district in the same county which contains taxable property also included in the
- 4 taxing district holding the public hearing but taxing districts may consolidate
- 5 public hearings.
- 6 c. May be conducted in conjunction with a public hearing regarding the budget or
- 7 levy of the taxing district otherwise required by law.
- 8 d. May not begin earlier than six p.m.
- 9 3. The governing body of a taxing district conducting a public hearing under this section
- 10 shall provide an interested party desiring to be heard an opportunity to present oral
- 11 testimony within reasonable time limits and shall provide an interested party desiring
- 12 to submit written comments an opportunity to file written comments with the governing
- 13 body.
- 14 4. A taxing district that intends to exceed its certified tax levy may not adopt its final
- 15 budget until the public hearing under this section has been held. A public hearing
- 16 under this section may be held to coincide with a hearing on the proposed budget of
- 17 the taxing district.
- 18 5. If the governing body of the taxing district does not make a final decision on imposing
- 19 a levy exceeding the certified tax rate at the public hearing described in this section,
- 20 the governing body shall announce at that public hearing the scheduled time and
- 21 place of the next public meeting at which the governing body will consider final
- 22 adoption of a budget that would result in a tax rate exceeding the tax district's certified
- 23 tax rate.

24 **57-15.1-05. Resolution adopting an excess levy.**

25 A taxing district may not impose a tax rate that exceeds the taxing district's certified tax rate
26 unless the governing body adopts a resolution stating that the requirements of this chapter have
27 been met, a public hearing has been conducted, and the governing body has considered all oral
28 and written testimony regarding the issue. The resolution must state the tax rate and
29 percentage increase, as compared to the certified tax rate, the taxing district will levy. The
30 governing body shall file a copy of the resolution with the county auditor.

1 **57-15.1-06. Notice of adoption of increased property tax rate.**

2 Within seven days after adoption of a property tax levy that results in a percentage increase
3 that exceeds the stated percentage increase from the newspaper notice published by the taxing
4 district under section 57-15.1-04, the governing body of the taxing district shall cause
5 publication of a notice in the official county newspaper to inform taxpayers of the excess
6 increase. The notice must be not less than one-fourth page in size with a heading in capitalized
7 boldface type stating "IMPORTANT NOTICE TO (name of taxing district) TAXPAYERS". The
8 text of the notice must contain the stated percentage increase from the newspaper notice
9 published by the taxing district under section 57-15.1-04 and the actual percentage increase
10 resulting from the final property tax levy as adopted. The heading and actual percentage
11 increase above the certified tax rate must be printed in a type size four points larger than the
12 other print in the notice.

13 **SECTION 6. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
14 December 31, 2011.