

**SECOND ENGROSSMENT
with House Amendments
REENGROSSED SENATE BILL NO. 2036**

Introduced by

Legislative Management

(Taxation Committee)

1 A BILL for an Act to create and enact sections 46-03-10.1, 57-15-01.2, and 57-20-07.2 of the
2 North Dakota Century Code, relating to statutory references to mills, determination of political
3 subdivision budgets, and a state-paid property tax relief credit; to amend and reenact sections
4 57-20-07.1, 57-20-09, 57-20-21.1, 57-51.1-07.5, and 57-64-03 of the North Dakota Century
5 Code, relating to property tax statement information to identify legislative property tax relief for
6 the subject property, priority for delinquent taxes, the discount for early payment of property
7 taxes, deposits of the state's share of oil and gas taxes, and property tax relief through
8 allocation of state funding to school districts for mill levy reduction grants; to repeal section
9 57-15-01.1 of the North Dakota Century Code, relating to property tax levies; to provide
10 appropriations; to provide for a transfer; and to provide an effective date.

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

12 **SECTION 1.** Section 46-03-10.1 of the North Dakota Century Code is created and enacted
13 as follows:

14 **46-03-10.1. Expression of mills references in decimal form.**

15 In arranging the laws for publication and in publishing and maintaining the laws, the
16 legislative council shall change statutory references to mills in reference to property tax
17 imposition to a decimal expression in numerals of the number of cents per dollar of taxable
18 valuation equivalent to the number of mills stated.

19 **SECTION 2.** Section 57-15-01.2 of the North Dakota Century Code is created and enacted
20 as follows:

21 **57-15-01.2. Taxing district budget basis.**

22 1. This section may not be interpreted as authority to increase any levy limitation
23 otherwise provided by law and must be applied to determine the initial budget to be
24 used in budget deliberations by a taxing district.

- 1 2. The initial budget to be used as the starting point for budget deliberations by the
2 governing body of a taxing district may not exceed the final budget of that taxing
3 district in the previous taxable year, subject to the following:
- 4 a. When a taxable improvement to property has been made or property has been
5 added to the taxing district which was not taxable in the previous taxable year,
6 the final budget of the taxing district in the previous taxable year for purposes of
7 this section may be increased by an amount equal to the sum determined by the
8 application of the previous year's calculated mill rate for that taxing district to the
9 increase in taxable valuation of that property.
- 10 b. When a property tax exemption that existed in the previous taxable year has
11 been reduced or no longer exists, the final budget of the taxing district in the
12 previous taxable year for purposes of this section may be increased by an
13 amount equal to the sum determined by the application of the previous year's
14 calculated mill rate for that taxing district to the increase in taxable valuation of
15 that property.
- 16 c. When a property tax exemption exists for property that was taxable in the
17 previous year, the final budget of the taxing district in the previous year for
18 purposes of this section must be reduced by the amount determined by applying
19 the previous year's calculated mill rate for that taxing district to the reduction in
20 the previous year's taxable valuation of that property.
- 21 d. When temporary mill levy increases authorized by the electors of the taxing
22 district or mill levies authorized by state law existed in the previous taxable year
23 but are no longer applicable or have been reduced, the final budget of the taxing
24 district in the previous year for purposes of this section must be adjusted by an
25 amount in dollars to reflect the expired temporary mill levy increases and the
26 reduced or eliminated mill levies authorized by state law.
- 27 3. The final budget adopted by the taxing district must enumerate individually the change
28 in dollars and by percentage for each line item in the final budget as compared to the
29 initial budget as determined under this section.

30 **SECTION 3. AMENDMENT.** Section 57-20-07.1 of the North Dakota Century Code is
31 amended and reenacted as follows:

1 **57-20-07.1. County treasurer to mail real estate tax statement - Contents of statement.**

2 On or before December twenty-sixth of each year, the county treasurer shall mail a real
3 estate tax statement to the owner of each parcel of real property at the owner's last-known
4 address. The statement must be provided in a manner that allows the taxpayer to retain a
5 printed record of the obligation for payment of taxes and special assessments as provided in
6 the statement. If a parcel of real property is owned by more than one individual, the county
7 treasurer shall send only one statement to one of the owners of that property. Additional copies
8 of the tax statement will be sent to the other owners upon their request and the furnishing of
9 their names and addresses to the county treasurer. The tax statement must include:

- 10 1. Include a dollar valuation of the true and full value as defined by law of the property
11 and the total mill levy applicable. The tax statement must include
12 2. Include, or be accompanied by a separate sheet, with three columns showing, for the
13 taxable year to which the tax statement applies and the two immediately preceding
14 taxable years, the property tax levy in dollars against the parcel by the county and
15 school district and any city or township that levied taxes against the parcel.
16 3. Include, for the taxable year to which the tax statement applies and the two
17 immediately preceding taxable years, a line item identified as "legislative property tax
18 relief" showing the amount in dollars paid through legislative appropriation pursuant to
19 section 57-20-07.2 and chapter 57-64 against the property taxes levied against the
20 property.

21 Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the
22 discount privilege past the February fifteenth deadline.

23 **SECTION 4.** Section 57-20-07.2 of the North Dakota Century Code is created and enacted
24 as follows:

25 **57-20-07.2. State-paid property tax relief credit.**

- 26 1. The owner of taxable property is entitled to a credit against property taxes levied
27 against the total amount of property or mobile home taxes in dollars levied against the
28 taxable value of the property. The credit is equal to eighteen percent of property or
29 mobile home taxes levied in dollars against that property.
30 2. The owner, operator, or lessee of railroad property assessed by the state board of
31 equalization under chapter 57-05 or public utility operative property assessed by the

1 state board of equalization under chapter 57-06 is entitled to a credit against property
2 taxes levied within each county against that property in the amount provided in
3 subsection 1 against property taxes levied in dollars against that property in that
4 county.

5 3. The owner, operator, or lessee of operative property of an air carrier transportation
6 company assessed and taxed under chapter 57-32 is entitled to a credit in the amount
7 provided in subsection 1 against property taxes in dollars levied against that property.
8 The tax commissioner shall determine the total amount of credits under this
9 subsection and certify the amount to the state treasurer for transfer from the general
10 fund to the air transportation fund. The credit for each air transportation company must
11 be allocated to each city or municipal airport authority where that company makes
12 regularly scheduled landings, in the same manner as the tax collected from that
13 company is allocated.

14 4. The tax commissioner shall estimate the amount necessary to provide each county
15 advance payment of seventy-five percent of the amount the county and the taxing
16 districts in the county will ultimately receive for a taxable year under this section and
17 certify the estimated amounts to the state treasurer by March fifteenth for transfer by
18 April first to the county treasurer and distribution to the county and taxing districts in
19 the county as provided in subsection 5.

20 5. The tax commissioner shall determine the total amount of credits under this section for
21 each county from the abstract of the tax list filed by the county auditor under section
22 57-20-04, as audited and corrected by the tax commissioner. The tax commissioner
23 shall certify to the state treasurer for payment, by June first following receipt of the
24 abstract of the tax list, the amount determined for each county under this subsection.
25 No penalty or interest applies to any state payment under this section, regardless of
26 when the payment is made. The tax commissioner shall reduce the June certification
27 of payments to reflect the April estimated payments previously made to counties under
28 subsection 4.

29 6. Upon receipt of the payment from the state treasurer under subsections 4 and 5, the
30 county treasurer shall apportion and distribute it to the county and the taxing districts

1 in the county on the basis on which the general real estate tax for the preceding year
2 is apportioned and distributed.

3 7. After payments to counties under subsection 5 have been made, the tax commissioner
4 shall certify to the state treasurer as necessary any supplemental amounts payable to
5 counties or the air transportation fund or any amounts that must be returned by
6 counties or returned from the air transportation fund for deposit in the state general
7 fund to correct any errors in payments or reflect any abatement or compromise of
8 taxes, court-ordered tax reduction or increase, or levy of taxes against omitted
9 property. The county auditor shall provide any supplemental information requested by
10 the tax commissioner after submission of the abstract of the tax list. The county
11 treasurer shall apply to the tax commissioner for any supplemental payments to which
12 the county treasurer believes the county is entitled.

13 8. Notwithstanding any other provision of law, for any property other than mobile homes,
14 the property tax credit under this section does not apply to any property subject to
15 payments or taxes that are stated by law to be in lieu of personal or real property
16 taxes.

17 **SECTION 5. AMENDMENT.** Section 57-20-09 of the North Dakota Century Code is
18 amended and reenacted as follows:

19 **57-20-09. Discount for early payment of tax.**

20 Except as provided in section 57-20-21.1, the county treasurer shall allow a five percent
21 discount to all taxpayers who shall pay all of the real estate taxes levied on any tract or parcel of
22 real property in any one year in full on or before February fifteenth prior to the date of
23 delinquency. Such discount applies, after deduction of any credit allowed under section
24 57-20-07.2, to the net remaining amount of all general real estate taxes levied for state, county,
25 city, township, school district, fire district, park district, and any other taxing districts but does not
26 apply to personal property taxes or special assessment installments. Whenever the board of
27 county commissioners, by resolution, determines that an emergency exists in the county by
28 virtue of weather or other catastrophe, it may extend the discount period for an additional thirty
29 days.

30 **SECTION 6. AMENDMENT.** Section 57-20-21.1 of the North Dakota Century Code is
31 amended and reenacted as follows:

1 **57-20-21.1. Priority for delinquent taxes.**

2 When payment is made for any real or personal property taxes or special assessments,
3 payments must be applied first to the oldest unpaid delinquent taxes or special assessments
4 due, if any, shown to exist upon the property for which the tax payments are made, including
5 any penalty and interest, except payments of state-paid property tax relief credit made by the
6 state must be applied to taxes for the year for which the state-paid property tax relief credit is
7 granted. The discounts applicable to payment of taxes set out in section 57-20-09 do not apply
8 to payment of taxes made on property upon which tax payments are delinquent.

9 **SECTION 7. AMENDMENT.** Section 57-51.1-07.5 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **57-51.1-07.5. State share of oil and gas taxes - Deposits.**

12 From the revenues designated for deposit in the state general fund under chapters 57-51
13 and 57-51.1, the state treasurer shall deposit the revenues received each biennium as follows:

- 14 1. The first two hundred million dollars into the state general fund;
- 15 2. The next ~~three~~four hundred ~~forty-one~~three million ~~seven~~four hundred ~~ninety-seven~~
16 thousand dollars into the property tax relief sustainability fund;
- 17 3. The next one hundred million dollars into the state general fund;
- 18 4. The next one hundred million dollars into the strategic investment and improvements
19 fund;
- 20 5. The next twenty-two million dollars into the state disaster relief fund; and
- 21 6. Any additional revenues into the strategic investment and improvements fund.

22 **SECTION 8. AMENDMENT.** Section 57-64-03 of the North Dakota Century Code is
23 amended and reenacted as follows:

24 **57-64-03. School district levy compliance.**

- 25 1. To be eligible to receive a grant under this chapter, a qualifying school district must
26 establish a spending level that does not result in a general fund mill rate exceeding
27 one hundred ten mills. The certificate of levy form filed with the county auditor by a
28 qualifying school district must reflect the revenue to be received by the school district
29 under this chapter and that the general fund mill rate for the school district will not
30 exceed one hundred ten mills unless:

- 1 a. The district has approval of ~~a majority~~ of the electors of the school district under
2 subsection 1 or 2 of section 57-15-14 for a higher levy;
- 3 b. The higher levy is the result of a school district reorganization in compliance with
4 chapter 15.1-12;
- 5 c. The higher levy does not produce an amount in dollars exceeding the amount
6 allowed under section 57-15-01.1 reduced by the amount of the school district's
7 mill levy reduction grant under section 57-64-02 for the budget year; or
- 8 d. The district has authority for a higher levy under subdivision b of subsection 2.
- 9 2. The authority under subdivision a or b of subsection 1 for a school district to levy a
10 general fund mill rate exceeding one hundred ten mills applies for not more than ten
11 taxable years at a time after taxable year 2008 unless ~~a majority~~ of the electors of the
12 school district approve an extension of that authority under subsection 1 or 2 of
13 section 57-15-14. Approval by electors of extension of levy authority under
14 subdivision a or b of subsection 1 is effective for not more than ten taxable years at a
15 time. A ballot measure for approval by electors of extension of levy authority under
16 subdivision a or b of subsection 1 is subject to the following:
- 17 a. The ballot measure must specify the number of mills for the general fund mill rate
18 and the number of taxable years for which approval is sought.
- 19 b. If a ballot measure for approval of extension of levy authority under this
20 subsection is not approved by ~~a majority~~ of the electors of the school district
21 voting on the question, the school district general fund levy limitation for
22 subsequent years is subject to the limitations as determined for the school
23 district's budget year under section 57-15-01.1 or 57-15-14, whichever produces
24 the higher levy limitation.

25 **SECTION 9. REPEAL.** Section 57-15-01.1 of the North Dakota Century Code is repealed.

26 **SECTION 10. APPROPRIATION.** There is appropriated out of any moneys in the general
27 fund in the state treasury, not otherwise appropriated, the sum of \$403,407,000, or so much of
28 the sum as may be necessary, to the superintendent of public instruction for the purpose of
29 allocation of mill levy reduction grants to school districts under chapter 57-64, for the biennium
30 beginning July 1, 2013, and ending June 30, 2015.

1 **SECTION 11. APPROPRIATION.** There is appropriated out of any moneys in the general
2 fund in the state treasury, not otherwise appropriated, the sum of \$338,767,000, or so much of
3 the sum as may be necessary, to the state treasurer for the purpose of state-paid property tax
4 relief credits under section 57-20-07.2, for the biennium beginning July 1, 2013, and ending
5 June 30, 2015.

6 **SECTION 12. TRANSFER - PROPERTY TAX RELIEF SUSTAINABILITY FUND -**
7 **GENERAL FUND.** The office of management and budget shall transfer the sum of
8 \$341,790,000 from the property tax relief sustainability fund to the general fund on July 1, 2013.

9 **SECTION 13. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
10 December 31, 2012.