

**SECOND ENGROSSMENT  
with Conference Committee Amendments  
REENGROSSED SENATE BILL NO. 2036**

Introduced by

Legislative Management

(Taxation Committee)

1 A BILL for an Act to create and enact section 57-20-07.2 of the North Dakota Century Code,  
2 relating to taxing district budgets and state-paid property tax relief credits; to amend and  
3 reenact sections 57-12-09, 57-15-02.1, 57-20-07.1, 57-20-09, and 57-20-21.1 of the North  
4 Dakota Century Code, relating to notices of property assessment increases, hearings on  
5 proposed property tax increases, contents of property tax statements, discounts for early  
6 payment of property taxes, and application of relief to current taxes; to provide an appropriation;  
7 to provide for legislative management studies; to provide an effective date; and to provide an  
8 expiration date.

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

10 **SECTION 1. AMENDMENT.** Section 57-12-09 of the North Dakota Century Code is  
11 amended and reenacted as follows:

12 **57-12-09. Notice of increased assessment to real estate owner.**

13 1. When any assessor has increased the true and full valuation of any lot or tract of land  
14 including any improvements thereon by three thousand dollars or more and to ten  
15 percent or more than the amount of the last assessment, written notice of the amount  
16 of increase and the amount of the last assessment must be delivered in writing by the  
17 assessor to the property owner, mailed in writing to the property owner at the property  
18 owner's last-known address, or provided to the property owner by electronic mail  
19 directed with verification of receipt to an electronic mail address at which the property  
20 owner has consented to receive notice. Delivery of notice to a property owner under  
21 this section must be completed not fewer than fifteen days before the meeting of the  
22 local equalization board. The tax commissioner shall prescribe suitable forms for this  
23 notice and the notice must show the true and full value as defined by law of the  
24 property, including improvements, that the assessor used in making the assessment

1 for the current year and for the year in which the last assessment was made and must  
2 also show the date prescribed by law for the meeting of the local equalization board of  
3 the assessment district in which the property is located and the meeting date of the  
4 county equalization board. The notice must be mailed or delivered at the expense of  
5 the assessment district for which the assessor is employed.

6 2. The form of notice prescribed by the tax commissioner must require a statement to  
7 inform the taxpayer that an assessment increase does not mean property taxes on the  
8 parcel will increase. The notice must state that each taxing district must base its tax  
9 rate on the number of dollars raised from property taxes in the previous taxable year  
10 by the taxing district and that notice of public hearing will be mailed to the property  
11 owner if a greater property tax levy is being proposed by the taxing district. The notice  
12 may not contain an estimate of a tax increase resulting from the assessment increase.

13 3. The assessor shall provide an electronic or printed list including the name and address  
14 of the addressee of each assessment increase notice required under this section to  
15 each city, county, school district, or city park district in which the subject property is  
16 located, but a copy does not have to be provided to any such taxing district that levied  
17 a property tax levy of less than one hundred thousand dollars for the prior year.

18 **SECTION 2. AMENDMENT.** Section 57-15-02.1 of the North Dakota Century Code is  
19 amended and reenacted as follows:

20 **57-15-02.1. Property tax levy increase notice and public hearing.**

21 Notwithstanding any other provision of law, a taxing district may not impose a property tax  
22 levy in a greater number of mills than the zero increase number of mills, unless the taxing  
23 district is in substantial compliance with this section.

24 1. The governing body shall cause publication of notice in its official newspaper at least  
25 seven days before a public hearing on its property tax levy. A public hearing under this  
26 section may not be scheduled to begin earlier than six p.m. The notice must have at  
27 least one-half inch [1.27 centimeters] white space margin on all four sides and must be  
28 at least two columns wide by five inches [12.7 centimeters] high. The heading must be  
29 capitalized in boldface type of at least eighteen point stating "IMPORTANT NOTICE  
30 TO (name of taxing district) TAXPAYERS". The proposed percentage increase must  
31 be printed in a boldface type size no less than two points less than the heading, while

- 1 the remaining portion of the advertisement must be printed in a type face size no less  
2 than four points less than the heading. The text of the notice must contain:
- 3 a. The date, time, and place of the public hearing.
  - 4 b. A statement that the public hearing will be held to consider increasing the  
5 property tax levy by a stated percentage, expressed as a percentage increase  
6 exceeding the zero increase number of mills.
  - 7 c. A statement that there will be an opportunity for citizens to present oral or written  
8 comments regarding the property tax levy.
  - 9 d. Any other information the taxing district wishes to provide to inform taxpayers.
- 10 2. At least seven days before a public hearing on its property tax levy under this section,  
11 the governing body shall cause notice of the information required under subsection 1  
12 to be mailed to each property owner who received notice of an assessment increase  
13 for the taxable year under section 57-12-09.
- 14 3. If the governing body of the taxing district does not make a final decision on imposing  
15 a property tax levy exceeding the zero increase number of mills at the public hearing  
16 required by this section, the governing body shall announce at that public hearing the  
17 scheduled time and place of the next public meeting at which the governing body will  
18 consider final adoption of a property tax levy exceeding the tax district's zero increase  
19 number of mills.
- 20 ~~3.4.~~ For purposes of this section:
- 21 a. "New growth" means the taxable valuation of any property that was not taxable in  
22 the prior year.
  - 23 b. "Property tax levy" means the tax rate, expressed in mills, for all property taxes  
24 levied by the taxing district.
  - 25 c. "Taxing district" means a city, county, school district, or city park district but does  
26 not include any such taxing district that levied a property tax levy of less than one  
27 hundred thousand dollars for the prior year and sets a budget for the current year  
28 calling for a property tax levy of less than one hundred thousand dollars.
  - 29 d. "Zero increase number of mills" means the number of mills against the taxing  
30 district's current year taxable valuation, excluding consideration of new growth,

1                   which will provide the same amount of property tax revenue as the property tax  
2                   levy in the prior year.

3           5. For the taxable year 2013 only, for purposes of determining the zero increase number  
4           of mills for a school district, the amount of property tax revenue from the property tax  
5           levy in the 2012 taxable year must be recalculated by reducing the 2012 mill rate of  
6           the school district by the lesser of:

7           a. Fifty mills; or

8           b. The 2012 general fund mill rate of the school district minus sixty mills.

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

11           **57-20-07.1. County treasurer to mail real estate tax statement - Contents of statement.**

12           1. On or before December twenty-sixth of each year, the county treasurer shall mail a  
13           real estate tax statement to the owner of each parcel of real property at the owner's  
14           last-known address. The form of the real estate tax statement to be used in every  
15           county must be prescribed and approved for use by the tax commissioner. The  
16           statement must be provided in a manner that allows the taxpayer to retain a printed  
17           record of the obligation for payment of taxes and special assessments as provided in  
18           the statement. If a parcel of real property is owned by more than one individual, the  
19           county treasurer shall send only one statement to one of the owners of that property.  
20           Additional copies of the tax statement will be sent to the other owners upon their  
21           request and the furnishing of their names and addresses to the county treasurer. The  
22           tax statement must include:

23           a. Include a dollar valuation of the true and full value as defined by law of the  
24           property and the total mill levy applicable. ~~The tax statement must include~~

25           b. Include, or be accompanied by a separate sheet, with three columns showing, for  
26           the taxable year to which the tax statement applies and the two immediately  
27           preceding taxable years, the property tax levy in dollars against the parcel by the  
28           county and school district and any city or township that levied taxes against the  
29           parcel.

30           c. Provide information identifying the property tax savings provided by the state of  
31           North Dakota. The tax statement must include a line item that is entitled

1           "legislative tax relief" and identifies the dollar amount of property tax savings  
2           realized by the taxpayer under chapter 15.1-27 and under section 57-20-07.2.  
3           For purposes of this subdivision, legislative tax relief is determined by multiplying  
4           the taxable value for the taxable year for each parcel shown on the tax statement  
5           by the number of mills of mill levy reduction grant under chapter 57-64 for the  
6           2012 taxable year plus the number of mills determined by subtracting from the  
7           2012 taxable year mill rate of the school district in which the parcel is located the  
8           lesser of:

9           (1) Fifty mills; or

10          (2) The 2012 taxable year mill rate of the school district minus sixty mills.

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

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

15          **57-20-07.2. State-paid property tax relief credit.**

- 16          1. The owner of taxable property is entitled to a credit against property taxes levied  
17          against the total amount of property or mobile home taxes in dollars levied against the  
18          taxable value of the property. The credit is equal to twelve percent of property or  
19          mobile home taxes levied in dollars against that property.
- 20          2. The owner, operator, or lessee of railroad property assessed by the state board of  
21          equalization under chapter 57-05 or public utility operative property assessed by the  
22          state board of equalization under chapter 57-06 is entitled to a credit against property  
23          taxes levied within each county against that property in the amount provided in  
24          subsection 1 against property taxes levied in dollars against that property in that  
25          county.
- 26          3. The owner, operator, or lessee of operative property of an air carrier transportation  
27          company assessed and taxed under chapter 57-32 is entitled to a credit in the amount  
28          provided in subsection 1 against property taxes in dollars levied against that property.  
29          The tax commissioner shall determine the total amount of credits under this  
30          subsection and certify the amount to the state treasurer for transfer from the general  
31          fund to the air transportation fund. The credit for each air transportation company must

- 1           be allocated to each city or municipal airport authority where that company makes  
2           regularly scheduled landings, in the same manner as the tax collected from that  
3           company is allocated.
- 4           4. The tax commissioner shall estimate the amount necessary to provide each county  
5           advance payment of seventy-five percent of the amount the county and the taxing  
6           districts in the county will ultimately receive for a taxable year under this section and  
7           certify the estimated amounts to the state treasurer by March fifteenth for transfer by  
8           April first to the county treasurer and distribution to the county and taxing districts in  
9           the county as provided in subsection 5.
- 10          5. The tax commissioner shall determine the total amount of credits under this section for  
11          each county from the abstract of the tax list filed by the county auditor under section  
12          57-20-04, as audited and corrected by the tax commissioner. The tax commissioner  
13          shall certify to the state treasurer for payment, by June first following receipt of the  
14          abstract of the tax list, the amount determined for each county under this subsection.  
15          No penalty or interest applies to any state payment under this section, regardless of  
16          when the payment is made. The tax commissioner shall reduce the June certification  
17          of payments to reflect the April estimated payments previously made to counties under  
18          subsection 4.
- 19          6. Upon receipt of the payment from the state treasurer under subsections 4 and 5, the  
20          county treasurer shall apportion and distribute it to the county and the taxing districts  
21          in the county on the basis on which the general real estate tax for the preceding year  
22          is apportioned and distributed.
- 23          7. After payments to counties under subsection 5 have been made, the tax commissioner  
24          shall certify to the state treasurer as necessary any supplemental amounts payable to  
25          counties or the air transportation fund or any amounts that must be returned by  
26          counties or returned from the air transportation fund for deposit in the state general  
27          fund to correct any errors in payments or reflect any abatement or compromise of  
28          taxes, court-ordered tax reduction or increase, or levy of taxes against omitted  
29          property. The county auditor shall provide any supplemental information requested by  
30          the tax commissioner after submission of the abstract of the tax list. The county

1           treasurer shall apply to the tax commissioner for any supplemental payments to which  
2           the county treasurer believes the county is entitled.

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

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

9           **57-20-09. Discount for early payment of tax.**

10          Except as provided in section 57-20-21.1, the county treasurer shall allow a five percent  
11 discount to all taxpayers who shall pay all of the real estate taxes levied on any tract or parcel of  
12 real property in any one year in full on or before February fifteenth prior to the date of  
13 delinquency. Such discount applies, after deduction of any credit allowed under section  
14 57-20-07.2, to the net remaining amount of all general real estate taxes levied for state, county,  
15 city, township, school district, fire district, park district, and any other taxing districts but does not  
16 apply to personal property taxes or special assessment installments. Whenever the board of  
17 county commissioners, by resolution, determines that an emergency exists in the county by  
18 virtue of weather or other catastrophe, it may extend the discount period for an additional thirty  
19 days.

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

22          **57-20-21.1. Priority for delinquent taxes.**

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

30          **SECTION 7. TAX COMMISSIONER REPORT ON ASSESSOR COMPLIANCE RULES.**

31 Before January 1, 2014, the tax commissioner shall report to the legislative management on the

1 development of rules for detailed and efficient administration of section 57-01-05 regarding  
2 supervision of assessment officials.

3 **SECTION 8. APPROPRIATION.** There is appropriated out of any moneys in the general  
4 fund in the state treasury, not otherwise appropriated, the sum of \$200,000,000, or so much of  
5 the sum as may be necessary, to the state treasurer for the purpose of state-paid property tax  
6 relief credits under section 57-20-07.2, for the biennium beginning July 1, 2013, and ending  
7 June 30, 2015.

8 **SECTION 9. LEGISLATIVE MANAGEMENT STUDY.** The legislative management shall  
9 consider studying development of standard procedures and classification of accounts to provide  
10 a means of accumulating financial information that will be uniform for all counties, regardless of  
11 their size or various approaches to budgeting and accounting that may be in use, with the  
12 objective of achieving uniformity of financial information to guide preparation of financial reports  
13 required by law and preparation of management reports on county government performance.  
14 The legislative management shall report its findings and recommendations, together with any  
15 legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

16 **SECTION 10. LEGISLATIVE MANAGEMENT STUDY - CONTROLLING GROWTH OF**  
17 **PROPERTY TAX LEVIES.** During the 2013-14 interim, the legislative management shall  
18 consider studying controlling the growth of property tax levies, with emphasis on consideration  
19 of the following:

- 20 1. In recent years, the legislative assembly has diverted an enormous amount of state  
21 funds to benefit political subdivisions and provide property tax relief to taxpayers and  
22 an analysis should be made of whether the level of property tax relief received by  
23 taxpayers has been commensurate with the amount of state funds distributed.
- 24 2. The legislative assembly has provided for state assumption of funding for some social  
25 service functions previously funded by counties. Analysis is needed to determine the  
26 additional cost to the state of these functions in each county and compare that amount  
27 to the actual reduction in property taxes passed through to taxpayers in each county.
- 28 3. Consideration is needed of whether voter approval through referral or levy and budget  
29 restrictions should play a greater role in local taxing decisions.
- 30 4. Consideration is needed of the feasibility of establishing more restrictive statutory  
31 property tax limits to manage the growth of property taxes.

1 The legislative management shall report its findings and recommendations, together with any  
2 legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

3 **SECTION 11. EFFECTIVE DATE - EXPIRATION DATE.** This Act is effective for taxable  
4 years beginning after December 31, 2012. Sections 4, 5, and 6 are ineffective after the first two  
5 taxable years beginning after December 31, 2012.