

April 20, 2017

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1361

That the Senate recede from its amendments as printed on pages 1634 and 1635 of the House Journal and pages 1383-1385 of the Senate Journal and that Engrossed House Bill No. 1361 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact section 57-15-02.2 of the North Dakota Century Code, relating to limitations of property tax levies by taxing districts without voter approval; to amend and reenact section 57-20-04 of the North Dakota Century Code, relating to the abstract of a county tax list and a statewide property tax increase report; to repeal section 57-20-05 of the North Dakota Century Code, relating to certification of taxes levied by taxing districts; to provide for a report to the legislative management; and to provide an effective date.

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

**SECTION 1.** Section 57-15-02.2 of the North Dakota Century Code is created and enacted as follows:

**57-15-02.2. Limitation on levies by taxing districts without voter approval.**

1. Notwithstanding that a taxing district may have unused or excess levy authority under any other provision of law, this section supersedes and limits that authority. For purposes of this section, "taxing district" means any political subdivision empowered to levy taxes, with the exception of school districts. This section may not be interpreted as authority to increase any property tax levy authority otherwise provided by law and must be applied to limit any property tax levy authority to which a taxing district may otherwise be entitled. Property taxes levied in dollars by a taxing district may not exceed the amount the taxing district levied in dollars in the preceding taxable year by more than three percent, except:
  - a. When property and improvements to property which were not taxable in the preceding taxable year are taxable in the current year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased for purposes of this section to reflect the taxes that would have been imposed against the additional taxable valuation attributable to that property at the mill rate applied to all property in the preceding taxable year.
  - b. When a property tax exemption existed in the preceding taxable year which has been reduced or no longer exists for the current taxable year, the amount levied in dollars in the preceding taxable year by the taxing district must be increased for purposes of this section to reflect the taxes that would have been imposed against the portion of the taxable valuation of the property which is no longer exempt at the mill rate applied to all property in the preceding taxable year.

- c. When property that was taxable in the preceding taxable year is not taxable for the current taxable year, the amount levied in dollars in the preceding taxable year by the taxing district must be reduced for purposes of this section by the amount of taxes that were imposed against the taxable valuation of that property in the preceding taxable year.
  - d. When a temporary mill levy increase, excluding an increase under this section, authorized by the electors of the taxing district or mill levy imposition authority under state law existed in the previous taxable year but is no longer applicable or has been reduced, the amount levied in dollars in the previous taxable year by the taxing district must be adjusted to reflect the expired temporary mill levy increase and the eliminated or reduced mill levy under state law before the percentage increase allowable under this subsection is applied.
2. The limitation on the total amount levied by a taxing district under subsection 1 does not apply to:
- a. New or increased property tax levy authority that was not available to the taxing district in the preceding taxable year, including property tax levy authority provided by state law or approved by the electors of the taxing district.
  - b. Any irrevocable tax to pay bonded indebtedness levied under section 16 of article X of the Constitution of North Dakota. Any tax levied for this purpose must be excluded from the mill rate applied under subdivisions a through c of subsection 1.
  - c. The one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota. Any tax levied for this purpose must be excluded from the mill rate applied under subdivisions a through c of subsection 1.
  - d. The levy, not to exceed one mill, for the Garrison Diversion Conservancy District, authorized by section 57-15-26.8.
  - e. Taxes or special assessments levied to pay the principal and interest on any obligations of any political subdivision, including taxes levied for deficiencies in special assessment and improvement district funds and revenue bond and reserve funds.
  - f. Taxes levied pursuant to law for the proportion of the cost to any taxing district for a special improvement project by general taxation.
  - g. Taxes levied under sections 40-24-10, 40-43-01, 57-15-41, and 61-21-52.
3. A levy exceeding the percentage increase limitation under subsection 1 may be imposed upon approval of a ballot measure, stating the percentage of the proposed property tax levy increase percentage compared to the percentage limitation under subsection 1, by a majority of the qualified electors of the taxing district voting on the question at a regular or special election of the taxing district. A levy exceeding the percentage increase limitation under subsection 1 may be approved by electors for not more than one taxable year at a time.

4. A city or county may not supersede or modify the application of the provisions of this section under home rule authority.

**SECTION 2. AMENDMENT.** Section 57-20-04 of the North Dakota Century Code is amended and reenacted as follows:

**57-20-04. Abstract of tax list to be sent to tax commissioner - Reports.**

1. The county auditor, on or before December thirty-first following the levy of the taxes, shall ~~make~~prepare and transmit to the ~~state~~ tax commissioner, ~~in such form as the tax commissioner may prescribe,~~ a complete abstract of the tax list of the auditor's county.
2. In addition to the tax list required in subsection 1, the county auditor, on or before December thirty-first following the levy of the taxes, shall prepare and transmit to the tax commissioner a report providing each taxing district's property valuation and property tax levy and any other information the tax commissioner deems necessary to prepare the report required in subsection 3. For taxing districts with property in more than one county, information must be collected and transmitted by the county auditor of the county in which the main office of that taxing district is located.
3. The tax commissioner shall compile information received from the county auditors in subsection 2 and prepare a statewide report of property tax increase. The report must include the annual increase in property taxes levied by each taxing district of the state after adjusting for property that was not taxable in the preceding year and property that is no longer taxable which was taxable in the preceding year. The report must be provided to the legislative management by April first of each year.
4. The tax commissioner shall prescribe the form and manner of providing the reports and certifications required under this section.
5. On or before December 31, 2017, the county auditor shall provide a report to the tax commissioner providing the information identified in subsection 2 for the 2015 and 2016 tax years.

**SECTION 3. REPEAL.** Section 57-20-05 of the North Dakota Century Code is repealed.

**SECTION 4. EFFECTIVE DATE.** Section 1 of this Act is effective for taxable years beginning after December 31, 2017."

Renumber accordingly