

Sixty-third
Legislative Assembly
of North Dakota

REENGROSSED SENATE BILL NO. 2036

Introduced by

Legislative Management

(Taxation Committee)

1 A BILL ~~for an Act to create and enact section 57-02-08.9 of the North Dakota Century Code,~~
2 ~~relating to a residential property tax credit; to amend and reenact sections 57-51.1-07.5 and~~
3 ~~57-64-03 of the North Dakota Century Code, relating to deposits of the state's share of oil and~~
4 ~~gas taxes and property tax relief through allocation of state funding to school districts for mill-~~
5 ~~levy reduction grants; to provide an appropriation; to provide for a legislative management~~
6 ~~study; to provide for a report by the tax commissioner; to provide for a transfer; and to provide~~
7 ~~an effective date.~~ for an Act to create and enact section 57-20-07.2 of the North Dakota Century
8 Code, relating to taxing district budgets and state-paid property tax relief credits; to amend and
9 reenact sections 57-12-09, 57-15-02.1, 57-20-07.1, 57-20-09, and 57-20-21.1 of the North
10 Dakota Century Code, relating to notices of property assessment increases, hearings on
11 proposed property tax increases, contents of property tax statements, discounts for early
12 payment of property taxes, and application of relief to current taxes; to provide an appropriation;
13 to provide for legislative management studies; to provide an effective date; and to provide an
14 expiration date.

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

16 ~~—SECTION 1. Section 57-02-08.9 of the North Dakota Century Code is created and enacted~~
17 ~~as follows:~~

18 ~~—**57-02-08.9. Residential property tax credit – Certification – Distribution.**~~

19 ~~—1. An individual is entitled to receive a reduction of one thousand one hundred~~
20 ~~twenty five dollars or fifty percent, whichever is less, of the taxable valuation of the~~
21 ~~individual's primary residence as provided in this section. A reduction under this~~
22 ~~section applies regardless of whether the individual is the head of a family. If an~~
23 ~~individual is entitled to a reduction in taxable valuation under this section and section~~
24 ~~57-02-08.1 or 57-02-08.8, any reduction under this section must be applied first and~~

1 ~~then any reduction under sections 57-02-08.1 and 57-02-08.8 must be applied. The~~
2 ~~reduction under this section, alone or in combination with any other reduction allowed~~
3 ~~by law, may not exceed the taxable valuation of the primary residence.~~

4 ~~2. An estate, trust, corporation, or passthrough entity that owns residential property used~~
5 ~~as part of a farming or ranching operation is entitled to a reduction as provided in~~
6 ~~subsection 1 if that residential property is occupied as a primary residence, as of the~~
7 ~~assessment date of the taxable year, by an individual who is a beneficiary of the estate~~
8 ~~or trust or who holds an ownership interest in the corporation or passthrough entity.~~
9 ~~Either the occupant or the entity that owns the residence may be the applicant for~~
10 ~~purposes of this subsection. An estate, trust, corporation, or passthrough entity may~~
11 ~~not claim a reduction for more than one property under this section.~~

12 ~~3. The reduction under this section continues to apply if the individual does not reside in~~
13 ~~the primary residence if the individual's absence is due to confinement in a nursing~~
14 ~~home, hospital, or other care facility, for as long as that confinement lasts and the~~
15 ~~portion of the primary residence previously occupied by the individual is not rented to~~
16 ~~another individual.~~

17 ~~4. Individuals residing together, as spouses or when one or more is a dependent of~~
18 ~~another, are entitled to only one reduction between or among them under this section.~~
19 ~~Individuals residing together, who are not spouses or dependents, who are coowners~~
20 ~~of the property are each entitled to a percentage of a full reduction under this section~~
21 ~~equal to their ownership interests in the property.~~

22 ~~5. To claim the reduction under this section, an applicant must sign and file with the~~
23 ~~assessor, by March first of the year for which a reduction is claimed, a claim form~~
24 ~~containing a verified statement of facts establishing the applicant's eligibility as of~~
25 ~~February first of that year. Failure to file the claim for the reduction by the deadline~~
26 ~~under this subsection renders the property ineligible for the reduction and the~~
27 ~~reduction may not be allowed by abatement or refund if the claim was not filed by the~~
28 ~~deadline under this subsection.~~

29 ~~6. The assessor shall attach the statement filed under subsection 5 to the assessment~~
30 ~~sheet and shall show the reduction on the assessment sheet.~~

- 1 ~~7. All forms necessary to effectuate this section must be prescribed, designed, and made~~
2 ~~available by the tax commissioner. Claim forms must include the full name, address,~~
3 ~~and social security or taxpayer identification number of the applicant, and any other~~
4 ~~information prescribed by the tax commissioner. The tax commissioner shall include~~
5 ~~on claim forms a statement to the effect that the applicant, by signing, declares the~~
6 ~~application to be true, correct, and complete and subject to the penalties under section~~
7 ~~12.1-11-02 for making a false statement in a governmental matter. The county director~~
8 ~~of tax equalization shall make these forms available to applicants upon request.~~
- 9 ~~8. A social security or taxpayer identification number contained in any form under this~~
10 ~~section is confidential and may be disclosed only to county officers, the tax~~
11 ~~commissioner, or a court and only for purposes of administering this section. A county~~
12 ~~officer, the tax commissioner, or a court in possession of a form or other document~~
13 ~~under this section shall delete or obscure any social security or taxpayer identification~~
14 ~~number on any copy of the form or other document released to the public.~~
- 15 ~~9. A reduction under this section terminates at the end of the taxable year for which the~~
16 ~~application was approved. A reduction under this section is effective for the entire~~
17 ~~taxable year for which the application was approved, without regard to any change of~~
18 ~~ownership of the residence which occurs after the assessment date.~~
- 19 ~~10. If any applicant is found to have claimed a reduction under this section for more than~~
20 ~~one primary residence for the same taxable year, all reductions under this section for~~
21 ~~that applicant for that taxable year and the ensuing two taxable years must be~~
22 ~~canceled. If an applicant received a reduction that is canceled under this section, the~~
23 ~~auditor of the county in which such property is located shall enter the amount of the~~
24 ~~canceled reduction as omitted property on the assessment roll of property that has~~
25 ~~escaped taxation.~~
- 26 ~~11. Determinations concerning eligibility for a reduction under this section may be~~
27 ~~appealed through the informal equalization process and formal abatement process.~~
- 28 ~~12. This section does not reduce the liability of any individual for special assessments~~
29 ~~levied upon any property.~~
- 30 ~~13. For the purposes of this section:~~
- 31 ~~a. "Dependent" has the same meaning it has for federal income tax purposes.~~

- 1 ~~b. "Owned" means the applicant holds a present ownership interest, including~~
2 ~~ownership in fee simple, holding a present life estate or other terminable present~~
3 ~~ownership interest, or being a purchaser under a contract for deed, but does not~~
4 ~~include a mere right of occupancy or a tenancy under a lease.~~
- 5 ~~c. "Primary residence", for purposes of a residential property taxable valuation~~
6 ~~reduction under this section, means a dwelling in this state owned and occupied~~
7 ~~by the applicant as that applicant's primary residence as of the assessment date~~
8 ~~of the taxable year and which is not exempt from property taxes as a farm~~
9 ~~residence.~~
- 10 ~~14. Before April first of each year, the county auditor of each county shall certify to the tax~~
11 ~~commissioner, on forms prescribed by the tax commissioner, the full name, address,~~
12 ~~and social security or taxpayer identification number of each individual or entity for~~
13 ~~whom the reduction under this section was allowed for the preceding year, the legal~~
14 ~~description of the property, the taxable value of the property, the dollar amount of each~~
15 ~~reduction in taxable value allowed, and the total of the tax mill rates for the preceding~~
16 ~~year of all taxing districts in which the property was contained, exclusive of any state~~
17 ~~mill rates, and any other information prescribed by the tax commissioner.~~
- 18 ~~15. By June first of each year, the tax commissioner shall review the certifications under~~
19 ~~subsection 14, make any required corrections, and certify to the state treasurer for~~
20 ~~payment to each county the sum of the amounts computed by multiplying the~~
21 ~~reduction allowed for each qualifying primary residence in the county for the preceding~~
22 ~~year by the total of the tax mill rates for the preceding year of all taxing districts in~~
23 ~~which the property was contained. In reviewing certifications, the tax commissioner~~
24 ~~may refer to any income tax return information or other information available to the tax~~
25 ~~commissioner.~~
- 26 ~~16. Upon receipt of the payment from the state treasurer, the county treasurer shall~~
27 ~~apportion and distribute it without delay to the county and to the taxing districts of the~~
28 ~~county on the same basis the general real estate tax for the preceding year is~~
29 ~~apportioned and distributed.~~
- 30 ~~17. The tax commissioner shall certify annually to the state treasurer for deposit in the~~
31 ~~state medical center fund the amount computed by multiplying one mill times the~~

~~reduction allowed under this section for the preceding year for all primary residences
in the state.~~

~~18. Supplemental certifications by the county auditor and the tax commissioner and
supplemental payments by the state treasurer may be made after the dates prescribed
in this section to make any corrections necessary because of errors or approval of any
application for equalization or abatement filed by an individual or entity because all or
part of the reduction under this section was not allowed.~~

~~**SECTION 2. AMENDMENT.** Section 57-51.1-07.5 of the North Dakota Century Code is
amended and reenacted as follows:~~

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

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

~~1. The first two hundred million dollars into the state general fund;~~

~~2. The next threefour hundred forty onethree million sevenfour hundred ninetyseven
thousand dollars into the property tax relief sustainability fund;~~

~~3. The next one hundred million dollars into the state general fund;~~

~~4. The next one hundred million dollars into the strategic investment and improvements
fund;~~

~~5. The next twenty-two million dollars into the state disaster relief fund; and~~

~~6. Any additional revenues into the strategic investment and improvements fund.~~

~~**SECTION 3. AMENDMENT.** Section 57-64-03 of the North Dakota Century Code is
amended and reenacted as follows:~~

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

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

~~a. The district has approval of a majority of the electors of the school district under
subsection 1 or 2 of section 57-15-14 for a higher levy;~~

1 ~~_____ b. The higher levy is the result of a school district reorganization in compliance with~~
2 ~~chapter 15.1-12;~~

3 ~~_____ c. The higher levy does not produce an amount in dollars exceeding the amount~~
4 ~~allowed under section 57-15-01.1 reduced by the amount of the school district's~~
5 ~~mill levy reduction grant under section 57-64-02 for the budget year; or~~

6 ~~_____ d. The district has authority for a higher levy under subdivision b of subsection 2.~~

7 ~~_____ 2. The authority under subdivision a or b of subsection 1 for a school district to levy a~~
8 ~~general fund mill rate exceeding one hundred ten mills applies for not more than ten~~
9 ~~taxable years at a time after taxable year 2008 unless a majority of the electors of the~~
10 ~~school district approve an extension of that authority under subsection 1 or 2 of~~
11 ~~section 57-15-14. Approval by electors of extension of levy authority under~~
12 ~~subdivision a or b of subsection 1 is effective for not more than ten taxable years at a~~
13 ~~time. A ballot measure for approval by electors of extension of levy authority under~~
14 ~~subdivision a or b of subsection 1 is subject to the following:~~

15 ~~_____ a. The ballot measure must specify the number of mills for the general fund mill rate~~
16 ~~and the number of taxable years for which approval is sought.~~

17 ~~_____ b. If a ballot measure for approval of extension of levy authority under this~~
18 ~~subsection is not approved by a majority of the electors of the school district~~
19 ~~voting on the question, the school district general fund levy limitation for~~
20 ~~subsequent years is subject to the limitations as determined for the school~~
21 ~~district's budget year under section 57-15-01.1 or 57-15-14, whichever produces~~
22 ~~the higher levy limitation.~~

23 ~~_____ **SECTION 4. APPROPRIATION.** There is appropriated out of any moneys in the general~~
24 ~~fund in the state treasury, not otherwise appropriated, the sum of \$403,407,000, or so much of~~
25 ~~the sum as may be necessary, to the superintendent of public instruction for the purpose of~~
26 ~~allocation of mill levy reduction grants to school districts under chapter 57-64, for the biennium~~
27 ~~beginning July 1, 2013, and ending June 30, 2015.~~

28 ~~_____ **SECTION 5. TRANSFER -- PROPERTY TAX RELIEF SUSTAINABILITY FUND --**~~

29 ~~**GENERAL FUND.** The office of management and budget shall transfer the sum of~~
30 ~~\$341,790,000 from the property tax relief sustainability fund to the general fund on July 1, 2013.~~

~~— SECTION 6. LEGISLATIVE MANAGEMENT STUDY -- PROPERTY TAX ELIMINATION.~~

~~The legislative management shall designate a committee during the 2013-14 interim to study the feasibility and desirability of eliminating property taxes and providing replacement revenue for political subdivisions through alternative sources. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.~~

~~— SECTION 7. TAX COMMISSIONER REPORT ON ASSESSOR COMPLIANCE RULES.~~

~~Before January 1, 2014, the tax commissioner shall report to the legislative management on the development of rules for detailed and efficient administration of section 57-01-05 regarding supervision of assessment officials.~~

~~— SECTION 8. EFFECTIVE DATE. This Act becomes effective July 1, 2013.~~

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

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

1. When any assessor has increased the true and full valuation of any lot or tract of land including any improvements thereon by three thousand dollars or more and to ten percent or more than the amount of the last assessment, written notice of the amount of increase and the amount of the last assessment must be delivered in writing by the assessor to the property owner, mailed in writing to the property owner at the property owner's last-known address, or provided to the property owner by electronic mail directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. Delivery of notice to a property owner under this section must be completed not fewer than fifteen days before the meeting of the local equalization board. The tax commissioner shall prescribe suitable forms for this notice and the notice must show the true and full value as defined by law of the property, including improvements, that the assessor used in making the assessment for the current year and for the year in which the last assessment was made and must also show the date prescribed by law for the meeting of the local equalization board of the assessment district in which the property is located and the meeting date of the county equalization board. The notice must be mailed or delivered at the expense of the assessment district for which the assessor is employed.

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

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

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

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

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

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

29 a. The date, time, and place of the public hearing.

- 1 b. A statement that the public hearing will be held to consider increasing the
2 property tax levy by a stated percentage, expressed as a percentage increase
3 exceeding the zero increase number of mills.
- 4 c. A statement that there will be an opportunity for citizens to present oral or written
5 comments regarding the property tax levy.
- 6 d. Any other information the taxing district wishes to provide to inform taxpayers.
- 7 2. At least seven days before a public hearing on its property tax levy under this section,
8 the governing body shall cause notice of the information required under subsection 1
9 to be mailed to each property owner who received notice of an assessment increase
10 for the taxable year under section 57-12-09.
- 11 3. If the governing body of the taxing district does not make a final decision on imposing
12 a property tax levy exceeding the zero increase number of mills at the public hearing
13 required by this section, the governing body shall announce at that public hearing the
14 scheduled time and place of the next public meeting at which the governing body will
15 consider final adoption of a property tax levy exceeding the tax district's zero increase
16 number of mills.
- 17 ~~3.4.~~ For purposes of this section:
- 18 a. "New growth" means the taxable valuation of any property that was not taxable in
19 the prior year.
- 20 b. "Property tax levy" means the tax rate, expressed in mills, for all property taxes
21 levied by the taxing district.
- 22 c. "Taxing district" means a city, county, school district, or city park district but does
23 not include any such taxing district that levied a property tax levy of less than one
24 hundred thousand dollars for the prior year and sets a budget for the current year
25 calling for a property tax levy of less than one hundred thousand dollars.
- 26 d. "Zero increase number of mills" means the number of mills against the taxing
27 district's current year taxable valuation, excluding consideration of new growth,
28 which will provide the same amount of property tax revenue as the property tax
29 levy in the prior year.
- 30 5. For the taxable year 2013 only, for purposes of determining the zero increase number
31 of mills for a school district, the amount of property tax revenue from the property tax

levy in the 2012 taxable year must be recalculated by reducing the 2012 mill rate of the school district by the lesser of:

a. Fifty mills; or

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

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

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

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

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

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

c. Provide information identifying the property tax savings provided by the state of North Dakota. The tax statement must include a line item that is entitled "legislative tax relief" and identifies the dollar amount of property tax savings realized by the taxpayer under chapter 15.1-27 and under section 57-20-07.2. For purposes of this subdivision, legislative tax relief is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement

1 by the number of mills of mill levy reduction grant under chapter 57-64 for the
2 2012 taxable year plus the number of mills determined by subtracting from the
3 2012 taxable year mill rate of the school district in which the parcel is located the
4 lesser of:

5 (1) Fifty mills; or

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

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

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

11 **57-20-07.2. State-paid property tax relief credit.**

12 1. The owner of taxable property is entitled to a credit against property taxes levied
13 against the total amount of property or mobile home taxes in dollars levied against the
14 taxable value of the property. The credit is equal to twelve percent of property or
15 mobile home taxes levied in dollars against that property.

16 2. The owner, operator, or lessee of railroad property assessed by the state board of
17 equalization under chapter 57-05 or public utility operative property assessed by the
18 state board of equalization under chapter 57-06 is entitled to a credit against property
19 taxes levied within each county against that property in the amount provided in
20 subsection 1 against property taxes levied in dollars against that property in that
21 county.

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

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

7 5. The tax commissioner shall determine the total amount of credits under this section for
8 each county from the abstract of the tax list filed by the county auditor under section
9 57-20-04, as audited and corrected by the tax commissioner. The tax commissioner
10 shall certify to the state treasurer for payment, by June first following receipt of the
11 abstract of the tax list, the amount determined for each county under this subsection.
12 No penalty or interest applies to any state payment under this section, regardless of
13 when the payment is made. The tax commissioner shall reduce the June certification
14 of payments to reflect the April estimated payments previously made to counties under
15 subsection 4.

16 6. Upon receipt of the payment from the state treasurer under subsections 4 and 5, the
17 county treasurer shall apportion and distribute it to the county and the taxing districts
18 in the county on the basis on which the general real estate tax for the preceding year
19 is apportioned and distributed.

20 7. After payments to counties under subsection 5 have been made, the tax commissioner
21 shall certify to the state treasurer as necessary any supplemental amounts payable to
22 counties or the air transportation fund or any amounts that must be returned by
23 counties or returned from the air transportation fund for deposit in the state general
24 fund to correct any errors in payments or reflect any abatement or compromise of
25 taxes, court-ordered tax reduction or increase, or levy of taxes against omitted
26 property. The county auditor shall provide any supplemental information requested by
27 the tax commissioner after submission of the abstract of the tax list. The county
28 treasurer shall apply to the tax commissioner for any supplemental payments to which
29 the county treasurer believes the county is entitled.

30 8. Notwithstanding any other provision of law, for any property other than mobile homes,
31 the property tax credit under this section does not apply to any property subject to

payments or taxes that are stated by law to be in lieu of personal or real property taxes.

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

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

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

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

57-20-21.1. Priority for delinquent taxes.

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

SECTION 7. TAX COMMISSIONER REPORT ON ASSESSOR COMPLIANCE RULES.

Before January 1, 2014, the tax commissioner shall report to the legislative management on the development of rules for detailed and efficient administration of section 57-01-05 regarding supervision of assessment officials.

SECTION 8. APPROPRIATION. There is appropriated out of any moneys in the general

fund in the state treasury, not otherwise appropriated, the sum of \$200,000,000, or so much of

1 the sum as may be necessary, to the state treasurer for the purpose of state-paid property tax
2 relief credits under section 57-20-07.2, for the biennium beginning July 1, 2013, and ending
3 June 30, 2015.

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

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

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

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

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