

Introduced by

1 A BILL for an Act to amend and reenact sections 57-51.1-07.5, 57-64-01, and 57-64-02 of the
2 North Dakota Century Code, relating to deposits of the state's share of oil and gas taxes and
3 providing property tax relief through allocation of legislative appropriations among taxing
4 districts; to repeal sections 57-64-03 and 57-64-04 of the North Dakota Century Code, relating
5 to school district levy restrictions and reductions in connection with property tax relief
6 allocations; to provide an appropriation; to provide for a transfer; and to provide an effective
7 date.

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

9 **SECTION 1. 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 ~~threefour~~ hundred ~~forty-one~~ million ~~seven-hundred-ninety-thousand~~ dollars
16 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 2. AMENDMENT.** Section 57-64-01 of the North Dakota Century Code is
23 amended and reenacted as follows:

1 **57-64-01. Definitions.**

2 For purposes of this chapter:

- 3 1. ~~"Combined education mill rate" means the combined number of mills levied by a~~
4 ~~school district for the general fund, high school tuition, and high school~~
5 ~~transportation."~~Payments in lieu of taxes" means payments made on land controlled
6 by the game and fish department subject to valuation under chapter 57-02.1, land
7 owned by the board of university and school lands or the state treasurer subject to
8 valuation under chapter 57-02.3, national guard land subject to valuation under
9 chapter 37-07.3, farmland or ranchland owned by nonprofit organizations for
10 conservation purposes subject to valuation under section 10-06.1-10, land acquired by
11 the state water commission for the Devils Lake project subject to valuation under
12 chapter 61-02, a workforce safety and insurance building and associated real property
13 subject to valuation under section 65-02-32, and carbon dioxide pipeline property
14 subject to valuation under section 57-06-17.2.
- 15 2. ~~"Qualifying school district" means a school district that meets the conditions and~~
16 ~~requirements of this chapter to receive a mill levy reduction grant."~~Property taxes", in
17 addition to property taxes levied during the taxable year by taxing districts against
18 residential, agricultural, commercial, and centrally assessed property, includes
19 payments in lieu of taxes for the taxable year, the amount of the homestead credit
20 reimbursed by the state under section 57-02-08.2 for the taxable year, the amount of
21 the disabled veterans' credit reimbursed by the state under section 57-02-08.8 for the
22 taxable year, and mobile home taxes payable in the year following the property tax
23 taxable year but does not include the state property tax levy for the state medical
24 center.
- 25 3. "Taxing district" means any political subdivision of the state empowered to levy
26 property taxes.

27 **SECTION 3. AMENDMENT.** Section 57-64-02 of the North Dakota Century Code is
28 amended and reenacted as follows:

1 **57-64-02. Mill levy reduction Property tax relief allocation and grant.**

2 Each qualifying school ~~taxing~~ district in the state is entitled to a mill levy reduction property
3 tax relief allocation and grant as provided in this chapter, subject to legislative appropriation to
4 the superintendent of public instruction state treasurer.

5 1. The mill levy reduction allocation rate for each qualifying school district is equal to the
6 payments to the school district based on the per student payment rate as determined
7 for the school year under chapter 15.1-27. By November fifteenth of each year, the tax
8 commissioner shall determine and certify to the auditor of each county the percentage
9 reduction in all property taxes in the state which will be used as a basis for allocations
10 to taxing districts under this chapter during the next taxable year. The tax
11 commissioner shall use the best information available to determine the estimated
12 property taxes to be due and payable to all taxing districts for the next taxable year
13 and divide that amount into the amount appropriated for allocation for the next taxable
14 year to determine the percentage reduction. The amount actually allocated for a
15 taxable year under this chapter must be within the limits of legislative appropriations
16 for that purpose.

17 2. The grant to a qualifying school district may not exceed the smallest of:
18 a. The allocation determined under subsection 1;
19 b. The taxable valuation of property in the school district in the previous taxable
20 year times the number of mills determined by subtracting one hundred mills from
21 the combined education mill rate of the school district for taxable year 2008; or
22 c. The taxable valuation of property in the school district in the previous taxable
23 year times seventy-five mills. Before delivery of the tax lists to the county
24 treasurer under section 57-20-06, the county auditor shall apply the property tax
25 relief percentage reduction for that taxable year as certified under subsection 1
26 against all property taxes levied in the county in that taxable year. By December
27 thirty-first of the taxable year, the county auditor of each county shall certify to the
28 tax commissioner, on forms prescribed by the tax commissioner, the taxable
29 value of property and tax mill rates in each taxing district, the dollar amount of
30 reduction in property taxes allowed in each taxing district, and the total dollar
31 amount of reduction in property taxes allowed against property in the county. The

1 tax commissioner shall audit the certifications, make required corrections, and
2 determine the amount of appropriated funds to be allocated to each county. By
3 the following March thirty-first, the tax commissioner shall certify to the state
4 treasurer for payment to each county the amount determined under this
5 subsection.

6 3. ~~The grant to a qualifying school district may not be less than the grant to that school~~
7 ~~district in the preceding school year.~~Upon receipt of the payment from the state
8 treasurer, the county treasurer shall apportion and distribute it without delay to the
9 county and the taxing districts in the county on the basis on which the general real
10 estate tax for the preceding year is apportioned.

11 4. ~~The grant to a qualifying school district may not exceed the grant to that school district~~
12 ~~in the preceding school year by a percentage that is more than the percentage~~
13 ~~increase in statewide taxable valuation which was determined for the previous taxable~~
14 ~~year.~~Supplemental certifications by the county auditor and tax commissioner and
15 supplemental payments by the state treasurer and county treasurer may be made
16 after the dates prescribed in this section to make such corrections as the tax
17 commissioner determines are necessary within the limits of legislative appropriations.

18 5. ~~For purposes of this section, "taxable valuation" means the valuation to which the mill~~
19 ~~rate is applied to determine the amount of ad valorem taxes or payments in lieu of~~
20 ~~taxes, and includes taxable valuation determined for agricultural, residential, and~~
21 ~~commercial property; gas company property, pipeline property, power company~~
22 ~~property, and railroad property assessed by the state board of equalization under~~
23 ~~chapter 57-06; mobile homes under chapter 57-55; land controlled by the game and~~
24 ~~fish department subject to valuation under chapter 57-02.1; land owned by the board~~
25 ~~of university and school lands or the state treasurer subject to valuation under chapter~~
26 ~~57-02.3; national guard land subject to valuation under chapter 37-07.3; farmland or~~
27 ~~ranchland owned by nonprofit organizations for conservation purposes subject to~~
28 ~~valuation under section 10-06.1-10; land acquired by the state water commission for~~
29 ~~the Devils Lake project subject to valuation under chapter 61-02; a workforce safety~~
30 ~~and insurance building and associated real property subject to valuation under section~~
31 ~~65-02-32; and carbon dioxide pipeline property subject to valuation under section~~

- 1 ~~57-06-17.2. For purposes of this section, "taxable valuation" includes the taxable-~~
2 ~~valuation of the homestead credit reimbursed by the state under section 57-02-08.2-~~
3 ~~and the disabled veterans' credit reimbursed by the state under section 57-02-08.8.~~
4 6. ~~The superintendent of public instruction shall report to each qualifying school district-~~
5 ~~by July fifteenth of each year the mill levy reduction grant in dollars available to that~~
6 ~~school district during the upcoming school year.~~
7 7. ~~By December first, January first, February first, and March first of each school year,~~
8 ~~the superintendent of public instruction shall forward to each qualifying school district-~~
9 ~~installments equal to twenty-five percent of the total mill levy reduction grant the-~~
10 ~~district is eligible to receive during that school year.~~
11 8. Allocations to a school district under this chapter are not considered per student
12 payments or state aid for purposes of chapter 15.1-27.
13 9.6. For all purposes under law relating to allocation of funds among political subdivisions
14 based on property tax levies, property taxes levied by a school taxing district are the
15 amount that would have been levied without the mill reduction grant reduction provided
16 to the school taxing district under this chapter.

17 **SECTION 4. REPEAL.** Sections 57-64-03 and 57-64-04 of the North Dakota Century Code
18 are repealed.

19 **SECTION 5. APPROPRIATION.** There is appropriated out of any moneys in the general
20 fund in the state treasury, not otherwise appropriated, the sum of \$400,000,000, or so much of
21 the sum as may be necessary, to the state treasurer for the purpose of allocation of property tax
22 relief among taxing districts as provided in chapter 57-64, for the biennium beginning July 1,
23 2013, and ending June 30, 2015. Of the amount appropriated in the section, the state treasurer
24 shall allocate among taxing districts not more than \$200,000,000 in 2014 and not more than
25 \$200,000,000 in 2015.

26 **SECTION 6. TRANSFER - PROPERTY TAX RELIEF SUSTAINABILITY FUND -**
27 **GENERAL FUND.** The office of management and budget shall transfer the sum of
28 \$341,790,000 from the property tax relief sustainability fund to the general fund on July 1, 2013.

29 **SECTION 7. EFFECTIVE DATE.** Sections 1, 5, and 6 of this Act are effective July 1, 2013.
30 Sections 2, 3, and 4 of this Act are effective for taxable years beginning after December 31,
31 2012.