

April 3, 2017

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1361

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 voter imposed limitations on the amount of property tax levied by taxing districts; 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 with 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 park district, city, or county. 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.
2. Upon receipt of a petition containing the signatures of at least ten percent of the number of qualified electors of the taxing district who cast votes in the most recent general election in the taxing district, but no fewer than twenty-five signatures, the governing body of the taxing district shall submit to the qualified electors at the next regularly scheduled primary election, or a special election to take place on the second Tuesday in June in a year that a primary election is not scheduled, the question of approving or disapproving the levy limitation under this section. The ballot measure question to approve the levy limitation must include a statement identifying the annual increase in property taxes levied by the taxing district in each of the previous three taxable years as reported in section 57-20-04. Levy limitations approved by electors may not be effective for more than one taxable year.
3. If approved by a majority of qualified electors in a taxing district voting on the question, property taxes levied in dollars by the 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.
4. The limitation on the total amount levied by a taxing district under subsection 3 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 3.
  - 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 3.
5. 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.** This Act is effective for taxable years beginning after December 31, 2016."

Renumber accordingly