

**FIRST ENGROSSMENT  
with Senate Amendments  
ENGROSSED HOUSE BILL NO. 1361**

Introduced by

Representatives Carlson, Headland, Kasper, Louser

Senators Armstrong, Casper

1 A BILL for an Act to create and enact section 57-15-02.2 of the North Dakota Century Code,  
2 relating to voter imposed limitations on the amount of property tax levied by taxing districts; to  
3 amend and reenact section 57-20-04 of the North Dakota Century Code, relating to the abstract  
4 of a county tax list and a statewide property tax increase report; to repeal section 57-20-05 of  
5 the North Dakota Century Code, relating to certification of taxes levied by taxing districts; to  
6 provide for a report to the legislative management; and to provide an effective date.

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

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

10 **57-15-02.2. Limitation on levies by taxing districts with voter approval.**

- 11 1. Notwithstanding that a taxing district may have unused or excess levy authority under  
12 any other provision of law, this section supersedes and limits that authority. For  
13 purposes of this section, "taxing district" means any park district, city, or county. This  
14 section may not be interpreted as authority to increase any property tax levy authority  
15 otherwise provided by law and must be applied to limit any property tax levy authority  
16 to which a taxing district may otherwise be entitled.
- 17 2. Upon receipt of a petition containing the signatures of at least ten percent of the  
18 number of qualified electors of the taxing district who cast votes in the most recent  
19 general election in the taxing district, but no fewer than twenty-five signatures, the  
20 governing body of the taxing district shall submit to the qualified electors at the next  
21 regularly scheduled primary election, or a special election to take place on the second  
22 Tuesday in June in a year that a primary election is not scheduled, the question of  
23 approving or disapproving the levy limitation under this section. The ballot measure  
24 question to approve the levy limitation must include a statement identifying the annual

1 increase in property taxes levied by the taxing district in each of the previous three  
2 taxable years as reported in section 57-20-04. Levy limitations approved by electors  
3 may not be effective for more than one taxable year.

4 3. If approved by a majority of qualified electors in a taxing district voting on the question,  
5 property taxes levied in dollars by the taxing district may not exceed the amount the  
6 taxing district levied in dollars in the preceding taxable year by more than three  
7 percent, except:

8 a. When property and improvements to property which were not taxable in the  
9 preceding taxable year are taxable in the current year, the amount levied in  
10 dollars in the preceding taxable year by the taxing district must be increased for  
11 purposes of this section to reflect the taxes that would have been imposed  
12 against the additional taxable valuation attributable to that property at the mill rate  
13 applied to all property in the preceding taxable year.

14 b. When a property tax exemption existed in the preceding taxable year which has  
15 been reduced or no longer exists for the current taxable year, the amount levied  
16 in dollars in the preceding taxable year by the taxing district must be increased  
17 for purposes of this section to reflect the taxes that would have been imposed  
18 against the portion of the taxable valuation of the property which is no longer  
19 exempt at the mill rate applied to all property in the preceding taxable year.

20 c. When property that was taxable in the preceding taxable year is not taxable for  
21 the current taxable year, the amount levied in dollars in the preceding taxable  
22 year by the taxing district must be reduced for purposes of this section by the  
23 amount of taxes that were imposed against the taxable valuation of that property  
24 in the preceding taxable year.

25 d. When a temporary mill levy increase, excluding an increase under this section,  
26 authorized by the electors of the taxing district or mill levy imposition authority  
27 under state law existed in the previous taxable year but is no longer applicable or  
28 has been reduced, the amount levied in dollars in the previous taxable year by  
29 the taxing district must be adjusted to reflect the expired temporary mill levy  
30 increase and the eliminated or reduced mill levy under state law before the  
31 percentage increase allowable under this subsection is applied.

- 1       4. The limitation on the total amount levied by a taxing district under subsection 3 does  
2       not apply to:
- 3       a. New or increased property tax levy authority that was not available to the taxing  
4       district in the preceding taxable year, including property tax levy authority  
5       provided by state law or approved by the electors of the taxing district.
- 6       b. Any irrevocable tax to pay bonded indebtedness levied under section 16 of  
7       article X of the Constitution of North Dakota. Any tax levied for this purpose must  
8       be excluded from the mill rate applied under subdivisions a through c of  
9       subsection 3.
- 10      c. The one-mill levy for the state medical center authorized by section 10 of article X  
11      of the Constitution of North Dakota. Any tax levied for this purpose must be  
12      excluded from the mill rate applied under subdivisions a through c of  
13      subsection 3.
- 14      d. The levy, not to exceed one mill, for the Garrison Diversion Conservancy District,  
15      authorized by section 57-15-26.8.
- 16      e. Taxes or special assessments levied to pay the principal and interest on any  
17      obligations of any taxing district evidenced by the issuance of bonds.
- 18      f. Taxes levied pursuant to law for the proportion of the cost to any taxing district for  
19      a special improvement project by general taxation.
- 20      5. A city or county may not supersede or modify the application of the provisions of this  
21      section under home rule authority.

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

24      **57-20-04. Abstract of tax list to be sent to tax commissioner - Reports.**

- 25      1. The county auditor, on or before December thirty-first following the levy of the taxes,  
26      shall ~~make~~prepare and transmit to the state tax commissioner, ~~in such form as the tax~~  
27      ~~commissioner may prescribe,~~ a complete abstract of the tax list of the auditor's county.
- 28      2. In addition to the tax list required in subsection 1, the county auditor, on or before  
29      December thirty-first following the levy of the taxes, shall prepare and transmit to the  
30      tax commissioner a report providing each taxing district's property valuation and  
31      property tax levy and any other information the tax commissioner deems necessary to

- 1           prepare the report required in subsection 3. For taxing districts with property in more  
2           than one county, information must be collected and transmitted by the county auditor  
3           of the county in which the main office of that taxing district is located.
- 4           3. The tax commissioner shall compile information received from the county auditors in  
5           subsection 2 and prepare a statewide report of property tax increase. The report must  
6           include the annual increase in property taxes levied by each taxing district of the state  
7           after adjusting for property that was not taxable in the preceding year and property that  
8           is no longer taxable which was taxable in the preceding year. The report must be  
9           provided to the legislative management by April first of each year.
- 10          4. The tax commissioner shall prescribe the form and manner of providing the reports  
11          and certifications required under this section.
- 12          5. On or before December 31, 2017, the county auditor shall provide a report to the tax  
13          commissioner providing the information identified in subsection 2 for the 2015 and  
14          2016 tax years.

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

16          **SECTION 4. EFFECTIVE DATE.** This Act is effective for taxable years beginning after  
17          December 31, 2016.