

**Sixty-fifth Legislative Assembly of North Dakota  
In Regular Session Commencing Tuesday, January 3, 2017**

SENATE BILL NO. 2206  
(Senators Bekkedahl, Burckhard, Cook)  
(Representatives Dockter, Nathe, Weisz)

AN ACT to create and enact chapter 50-34 and a new section to chapter 57-20 of the North Dakota Century Code, relating to the transition of funding responsibility for county social services from the counties to the state and a credit against payments in lieu of taxes paid by centrally assessed companies; to amend and reenact sections 11-23-01, 50-01.2-03.2, 50-06-05.8, 50-06-20.1, and 50-06.2-04, subsection 3 of section 57-15-01.1, section 57-15-06.7, and subdivision c of subsection 1 of section 57-20-07.1 of the North Dakota Century Code, relating to county and multicounty social service board budgets, the human service grant program, county general fund levy limitations, and property tax statements; to suspend chapter 50-03 and sections 50-06-20.1 and 50-06.2-05 of the North Dakota Century Code, relating to county human services funds, the human services grant program, and county human services levy authority; to repeal section 57-20-07.2 of the North Dakota Century Code, relating to the state-paid property tax relief credit; to provide for a report to the legislative management; to provide for a legislative management study; to provide an appropriation; to provide for a transfer; to provide an exemption; to provide an effective date; and to provide an expiration date.

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

**SECTION 1. AMENDMENT.** Section 11-23-01 of the North Dakota Century Code is amended and reenacted as follows:

**11-23-01. Officers required to furnish commissioners with departmental budget.**

4. Every officer in charge of any institution, office, or undertaking supported wholly or in part by the county shall file with the board of county commissioners a departmental budget that is prescribed by the state auditor. The departmental budget must include an itemized statement of the estimated amount of money that will be required for the maintenance, operation, or improvement of the institution, office, or undertaking for the ensuing year. The board of county commissioners may require additional information to clarify the departmental budget.

2. a. ~~The departmental budget submitted by the county social service board in 2015 for the 2016 budget may not exceed an amount determined using the departmental budget submitted in 2014 by the county social service board as a starting point, subtracting the reduction in the county's social service funding responsibility for 2014 derived from transferring the county social service costs identified in this subdivision from the county social service board to the department of human services, and applying to the resulting amount the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year 2015. For purposes of this subdivision, the reduction in the county's social service funding responsibility derived from transferring the county social service costs identified in this subdivision from the county social service board to the department of human services includes the following:~~
- (1) ~~Foster care and subsidized adoption costs that would have been paid by the county after December 31, 2015;~~
  - (2) ~~The county's share of grant costs for medical assistance in the form of payments for care furnished to recipients of therapeutic foster care services which would have been paid by the county after December 31, 2015;~~

- ~~(3) The county's share of the costs for service payments to the elderly and disabled which would have been paid by the county after December 15, 2015;~~
  - ~~(4) The county's share of salary and benefits for family preservation services pursuant to section 50-06-05.8 which would have been paid by the county after December 31, 2015;~~
  - ~~(5) The county's share of the cost of the electronic benefits transfers for the supplemental nutrition assistance program which would have been paid by the county after December 31, 2015; and~~
  - ~~(6) The computer processing costs which would have been paid by the county after December 31, 2015, which exceed the county's costs of operation of the technical eligibility computer system in calendar year 1995 increased by the increase in the consumer price index for all urban consumers (all items, United States city average) after January 1, 1996.~~
- ~~b. The departmental budget submitted by the county social service board in 2016 for the 2017 budget may not exceed an amount determined using the 2015 departmental budget as a starting point and applying to that amount the percentage salary and benefits increase provided by legislative appropriations for state employees for 2016.~~
  - ~~e. The budget must include a statement identifying the total savings to the county as shown by a reduction in the amounts that otherwise would have been paid by the county to the department of human services for the costs identified in subdivision a. The department of human services shall determine the appropriate amount of what each county's costs would have been to help identify each county's total savings.~~

~~The county share of the human service budget must be funded entirely from the county's property tax levy for that purpose and the county may not use funds from any other source to supplement the human services budget, with the exception that the county may make use of the identifiable amount of other sources the county has used to supplement its human services budget for 2015 and the county may use grant funds that may be available to the county under section 50-06-20.1.~~

- ~~d. The department of human services shall develop a process to review a request from a county social service board for any proposed increase in staff needed as a result of significantly increased caseloads for state-funded human services programs, if the increase in staff would result in the county exceeding the budget limitation established under this subsection. As part of its review process, the department shall review countywide caseload information and consider the option of multicounty sharing of staff. If the department approves a request for a proposed increase in staff, the county budget limitation established under subdivision b may be increased by the amount determined necessary by the department to fund the approved additional staff.~~

**SECTION 2. AMENDMENT.** Section 11-23-01 of the North Dakota Century Code is amended and reenacted as follows:

**11-23-01. Officers required to furnish commissioners with departmental budget.**

- 1. Every officer in charge of any institution, office, or undertaking supported wholly or in part by the county shall file with the board of county commissioners a departmental budget that is prescribed by the state auditor. The departmental budget must include an itemized statement of the estimated amount of money that will be required for the maintenance, operation, or improvement of the institution, office, or undertaking for the ensuing year. The board of county commissioners may require additional information to clarify the departmental budget.

2. a. The departmental budget submitted by the county social service board in ~~2015~~2019 for the ~~2016~~2020 budget may not exceed an amount determined using the departmental budget submitted in ~~2014~~2016 by the county social service board as a starting point, subtracting the reduction in the county's social service funding responsibility for ~~2014~~2016 derived from transferring the county social service costs identified in this subdivision from the county social service board to the department of human services, and applying to the resulting amount the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year ~~2015~~2019. For purposes of this subdivision, the reduction in the county's social service funding responsibility derived from transferring the county social service costs identified in this subdivision from the county social service board to the department of human services includes the following:
  - (1) Foster care and subsidized adoption costs that would have been paid by the county after December 31, 2015;
  - (2) The county's share of grant costs for medical assistance in the form of payments for care furnished to recipients of therapeutic foster care services which would have been paid by the county after December 31, 2015;
  - (3) The county's share of the costs for service payments to the elderly and disabled which would have been paid by the county after December 15, 2015;
  - (4) The county's share of salary and benefits for family preservation services pursuant to section 50-06-05.8 which would have been paid by the county after December 31, 2015;
  - (5) The county's share of the cost of the electronic benefits transfers for the supplemental nutrition assistance program which would have been paid by the county after December 31, 2015; and
  - (6) The computer processing costs which would have been paid by the county after December 31, 2015, which exceed the county's costs of operation of the technical eligibility computer system in calendar year 1995 increased by the increase in the consumer price index for all urban consumers (all items, United States city average) after January 1, 1996.
- ~~b. The departmental budget submitted by the county social service board in 2016 for the 2017 budget may not exceed an amount determined using the 2015 departmental budget as a starting point and applying to that amount the percentage salary and benefits increase provided by legislative appropriations for state employees for 2016.~~
- ~~c. The budget must include a statement identifying the total savings to the county as shown by a reduction in the amounts that otherwise would have been paid by the county to the department of human services for the costs identified in subdivision a. The department of human services shall determine the appropriate amount of what each county's costs would have been to help identify each county's total savings.~~

The county share of the human service budget must be funded entirely from the county's property tax levy for that purpose and the county may not use funds from any other source to supplement the human services budget, with the exception that the county may make use of the identifiable amount of other sources the county has used to supplement its human services budget for 2015 and the county may use grant funds that may be available to the county under section 50-06-20.1.
- ~~d.c.~~ The department of human services shall develop a process to review a request from a county social service board for any proposed increase in staff needed as a result of significantly increased caseloads for state-funded human services programs, if the

increase in staff would result in the county exceeding the budget limitation established under this subsection. As part of its review process, the department shall review countywide caseload information and consider the option of multicounty sharing of staff. If the department approves a request for a proposed increase in staff, the county budget limitation established under subdivision b may be increased by the amount determined necessary by the department to fund the approved additional staff.

**SECTION 3. AMENDMENT.** Section 50-01.2-03.2 of the North Dakota Century Code is amended and reenacted as follows:

**50-01.2-03.2. County duties –Financing in exceptional circumstances.**

4. Each county social service board shall administer, under the direction and supervision of the department:

- a.1. Locally administered economic assistance and social service programs;
  - b.2. Replacement programs with substantially similar goals, benefits, or objectives; and
  - e.3. When necessary, experimental, pilot, or transitional programs with substantially similar goals, benefits, or objectives.
2. ~~From the abstract of tax list prepared pursuant to section 57-20-04, each county shall annually provide the department of human services a report of the total mills levied for human service purposes pursuant to sections 50-03-01, 50-03-06, and 50-06.2-05, and the countywide value of a mill in each county. Upon receipt of reports from all counties, the department shall determine the statewide average of the mill levies and identify each county that levied ten mills more than that average. Each identified county is entitled to a share of funds appropriated for distribution under this subsection. Each identified county's share is determined by:~~
- a. ~~Reducing its mill levy necessary to meet the costs of providing human services required under this title by the statewide average mill levy determined under this subsection plus ten mills;~~
  - b. ~~Determining the amount that could have been raised in that county and year through a mill levy in the amount calculated under subdivision a;~~
  - c. ~~Totaling the amounts determined under subdivision b for all counties entitled to a distribution;~~
  - d. ~~Calculating a decimal fraction equal to each identified county's proportionate share of the total determined under subdivision c; and~~
  - e. ~~Multiplying that decimal fraction times one-half of the biennial appropriation.~~
3. ~~Notwithstanding any other provisions of law, the department shall reimburse county social service boards for expenses of locally administered economic assistance programs in counties in which the percentage of that county's average total supplemental nutrition assistance program caseload for the previous fiscal year which reside on federally recognized Indian reservation lands is ten percent or more. The reimbursement must be such that:~~
- a. ~~An affected county's actual direct costs and indirect costs allocated based on a percentage of each county's direct economic assistance and social services costs for locally administered economic assistance programs will be reimbursed at the percentage of that county's average total supplemental nutrition assistance program caseload for the previous state fiscal year which reside on federally recognized Indian reservation land not to exceed ninety percent;~~

- b. ~~The affected counties will receive quarterly payments based on the actual county direct and indirect costs, as provided in subdivision a, for the previous state fiscal year;~~
- c. ~~At the end of each fiscal year the actual quarterly payments paid must be reconciled to the current year of calculation of actual direct and indirect costs as provided in subdivision a and supplemental nutrition assistance program caseload and counties must be compensated accordingly in the first quarter of the new fiscal year; and~~
- d. ~~The reimbursement will be calculated for each county and reported to the county social service board prior to September first.~~

**SECTION 4. AMENDMENT.** Section 50-06-05.8 of the North Dakota Century Code is amended and reenacted as follows:

**50-06-05.8. Department to assume certain costs of certain economic assistance and social service programs.**

~~Notwithstanding section 50-06.2-05, or any other provision in title 50 to the contrary, and in addition to the programs identified in section 50-06-20, the~~The department of human services shall pay the local~~each service area's expenses of administration incurred by a county~~for administering economic assistance and social service programs for calendar years after December 31, 2015, for family preservation programs; a county's share of the cost of the electronic benefits transfers for the supplemental nutrition assistance program incurred after December 31, 2015; and the computer processing costs incurred by the county after December 31, 2015, which exceed the county's costs of operation of the technical eligibility computer system in calendar year 1995 increased by the increase in the consumer price index for all urban consumers (all items, United States city average) after January 1, 1996~~2017, based on the formula payment amount calculated for each service area under chapter 50-34.~~

**SECTION 5. AMENDMENT.** Section 50-06-05.8 of the North Dakota Century Code is amended and reenacted as follows:

**50-06-05.8. Department to assume certain costs of certain social service programs.**

Notwithstanding section 50-06.2-05, or any other provision in title 50 to the contrary, and in addition to the programs identified in section 50-06-20, the department of human services shall pay the local expenses of administration incurred by a county after December 31, ~~2015~~2019, for family preservation programs; a county's share of the cost of the electronic benefits transfers for the supplemental nutrition assistance program incurred after December 31, ~~2015~~2019; and the computer processing costs incurred by the county after December 31, ~~2015~~2019, which exceed the county's costs of operation of the technical eligibility computer system in calendar year 1995 increased by the increase in the consumer price index for all urban consumers (all items, United States city average) after January 1, 1996.

**SECTION 6. AMENDMENT.** Section 50-06-20.1 of the North Dakota Century Code is amended and reenacted as follows:

**50-06-20.1. Human services grant program - Eligible counties - Reports.**

1. ~~If the authority for counties to use emergency expenditures to address an emergency created by unusual and unanticipated demands on the counties' human services fund under chapter 50-03 is eliminated, the~~The department shall establish~~the~~administer a grant program to assist certain counties. An eligible county is one that historically has utilized the emergency expenditures process set forth in chapter 50-03 and which is adjacent to or part of an Indian reservation in this state, which contains Indian trust lands within the service area of a federally recognized Indian tribe which are occupied by enrolled members of that tribe, or which includes the state hospital created pursuant to subsection 8 of section 12 of article IX of the Constitution of North Dakota.

2. The grant program established in this section must be implemented through rulemaking under chapter 28-32. The department ~~may adopt emergency rules, without application of the grounds for emergency rulemaking otherwise required under section 28-32-03, to set out the policies and procedures for the disbursement of grants and~~ may not award more than one million nine hundred thousand dollars during the first year of a biennium, and no more than two million dollars during the second year of a biennium. The department shall notify a county of its approved funding no later than September first of each year of the biennium. The department shall issue an annual payment to counties receiving funds under this chapter in January of each year of the biennium.
3. The department shall report to the budget section annually and to the appropriations committees of the ~~sixty-fifth~~sixty-seventh legislative assembly and each succeeding legislative assembly on the funding approved under this section.

**SECTION 7. AMENDMENT.** Section 50-06.2-04 of the North Dakota Century Code is amended and reenacted as follows:

**50-06.2-04. Powers and duties of county agencies.**

Each county agency has the following powers and duties under this chapter:

1. To administer comprehensive human services programs for individuals and families at the county level in conformity with state and federal requirements under the direction and supervision of the state agency.
2. To publish and provide to the state agency a county human services plan which must include the following:
  - a. A statement of the goals of county human services programs in the county.
  - b. Methods used to identify persons in need of services and the social problems to be addressed by the county human services programs.
  - c. A description of each county human service proposed and identification of the agency or person proposed to provide the service.
  - d. The amount of money proposed to be allocated to each service.
  - e. An agreement to make available those human services required by state law and by federal law or regulation as a condition for the receipt of federal financial participation in programs administered by county agencies under the provisions of this title.

The date of submission of the county human services plan to the state agency must be determined so that the plan is coordinated with the proposed and final comprehensive human services plan.

3. To make available the human services detailed in the comprehensive human services plan which the county agency has included in the approved county plan and to provide such other human services as the county agency determines essential in effectuating the purposes of this chapter within the county. To the extent funding is available under section 50-06.2-03 and chapter 50-24.1, the county plan must include the services enumerated in those sections. The county agency shall make these services available to any individual requesting service and determined eligible on the basis of a functional assessment conducted in accordance with state and federal laws and regulations. The individual shall pay for the services in accordance with a fee scale based on family size and income. The county agency may contract with any qualified service provider in its provision of those enumerated services.

4. To submit annually to the board of county commissioners a budget containing an estimate and supporting data, setting forth the county funds needed to carry out the provisions of this chapter.

**SECTION 8.** Chapter 50-34 of the North Dakota Century Code is created and enacted as follows:

**50-34-01. State-paid economic assistance and social service pilot program - Application - Report.**

1. The department of human services shall administer a statewide pilot program for state funding of staffing and administrative costs related to the administration of economic assistance and social service programs.
2. Payments must be distributed to service areas pursuant to the formula in section 50-34-04 with the first formula payment distributions commencing in January 2018.
3. Services areas shall cooperate with the department of human services to adopt administrative and operational cost-savings methodologies and determine options for consolidations.
4. The director shall appoint a committee to study the operation of the pilot program and develop a plan for the permanent implementation of the formula established in section 50-34-04.
5. Before November 1, 2018, the department of human services shall report to the legislative management on the status of the pilot program and the development of a plan for permanent implementation of the formula established in section 50-34-04. The implementation plan must include recommendations for caseloads and outcomes for social services, designated child welfare services, and economic assistance; considerations regarding the delivery of county social services to ensure appropriate and adequate levels of service continue; options for efficiencies and aggregation; analysis of the potential reduction in social service offices, organizations, and staff due to consolidations; the feasibility and desirability of, and potential timeline for, transitioning county social service staff to the department of human services; and considerations for oversight and chain of command within social services and human services. The implementation plan must be submitted to the sixty-sixth legislative assembly as part of the department of human services budget request and identify the estimated biennial cost of the plan.

**50-34-02. Definitions.**

As used in this chapter, unless the context otherwise requires:

1. "Base year" means calendar year 2015.
2. "Case-month" means the provision of economic assistance or social services to one individual for the period of one month or the provision of energy assistance through the low income home energy assistance program for the period beginning October first of each year and ending May thirty-first of the following year.
3. "Director" means the executive director of the department of human services or the executive director's designee.
4. "Service area" means a county or consolidated group of counties administering economic assistance and social service programs within a designated area.

**50-34-03. Formula payments to service areas - Distributions by the director.**

1. The director shall calculate the total formula payment for each service area pursuant to section 50-34-04 for each calendar year based on each service area's most recently available case-month data. The director shall notify each service area of the amount of its formula

payment for calendar year 2018 on or before August 15, 2017, and for calendar year 2019 on or before June 1, 2018.

2. The director shall distribute fifty percent of the amount of each service area's formula payment determined under subsection 1, within the limits of legislative appropriation, on or before January tenth.
3.
  - a. By June first of each year, the director shall recalculate the total formula payment for each service area pursuant to section 50-34-04 for the current calendar year based on each service area's most recently available case-month data.
  - b. If the recalculated formula payment results in an increase of five percent or less or a decrease of five percent or less as compared to the formula payment determined under subsection 1, the director shall distribute fifty percent of the amount of each service area's formula payment determined under subsection 1, within the limits of legislative appropriation, on or before June fifteenth.
  - c. If the recalculated formula payment results in an increase of more than five percent as compared to the formula payment determined under subsection 1, the director shall calculate the remainder of each service area's formula payment by subtracting one hundred five percent of the amount determined under subsection 1 from the amount determined under subdivision a and add the resulting amount to the amount distributed under subsection 2. The director shall distribute the remainder of each service area's formula payment as determined under this subdivision, within the limits of legislative appropriation, on or before June fifteenth.
  - d. If the recalculated formula payment results in a decrease of more than five percent as compared to the formula payment determined under subsection 1, the director shall calculate the remainder of each service area's formula payment by subtracting ninety-five percent of the amount determined under subsection 1 from the amount determined under subdivision a and add the resulting amount to the amount distributed under subsection 2. The director shall distribute the remainder of each service area's formula payment as determined under this subdivision, within the limits of legislative appropriation, on or before June fifteenth.
4. For payments disbursed after calendar year 2018, the director shall subtract from a service area's June fifteenth disbursement any amount exceeding the limitation under section 50-34-05.

**50-34-04. Baseline funding amounts - Calculation of formula payment.**

1. The director shall calculate each service area's base year case-month totals and direct gross expenditures. A service area's direct gross expenditures include the actual amount expended within a service area in the base year for staffing and administrative costs related to the administration of economic assistance and social service programs as well as eligible federally allowable indirect costs. For purposes of this subsection, "eligible federally allowable indirect costs" means twenty-five percent of the average of the federally allowable indirect costs allocated to each service area in calendar years 2012, 2013, and 2014.
2. The director shall calculate each service area's base rate per economic assistance case-month by dividing the service area's economic assistance net expenditures by the economic assistance case-months reported for the service area in the base year. For purposes of this subsection, "economic assistance net expenditures" means the amount calculated by subtracting the amount paid to the service area in the base year for services reimbursed by medical assistance from the service area's economic assistance base year gross expenditures.

3. The director shall calculate each service area's base rate per social service case-month by dividing the service area's social service net expenditures by the social service case-months reported for the service area in the base year. For purposes of this subsection, "social service net expenditures" means the amount calculated by subtracting the amount paid to the service area in the base year for services reimbursed by medical assistance from the service area's social service base year gross expenditures.
4. The director shall calculate the total formula payment by summing the following:
  - a. The product of the service area's rate per economic assistance case-month and the service area's most recently available economic assistance caseload data.
  - b. The product of the service area's rate per social service case-month and the service area's most recently available social service caseload data.

**50-34-05. Service area human services fund - Establishment - Fund balance limitations.**

Each service area in this state shall maintain a fund to be known as the service area human services fund. All expenditures by the service area for the relief of the needy must be paid from the service area human services fund. If, due to unforeseen or other extenuating circumstances, a service area's formula distribution payment is not sufficient to meet the expenses of that service area, the board of county commissioners may approve a transfer from the county's general fund to the service area human services fund upon a majority vote of all members. The balance of moneys in the fund on January first of each year may not exceed five hundred thousand dollars for a service area that had annual expenditures of two million dollars or greater in calendar year 2015 or one hundred thousand dollars for a service area that had annual expenditures of less than two million dollars in calendar year 2015.

**50-34-06. Service area human services fund - Transfer.**

If on January 1, 2018, the balance of a service area human services fund exceeds the limitations in section 50-34-05, the county treasurer shall transfer the amount exceeding the limitations in section 50-34-05 to the designated county general fund within that service area. A county receiving a transfer shall reduce its county general fund mill levy for taxable year 2018 by an equivalent amount. If the amount of a county's general fund mill levy is not sufficient to account for the entire required reduction, the county shall reduce an additional county-wide mill levy for taxable year 2018 to account for the remainder of the required reduction. If on January 1, 2019, the balance of a service area human services fund exceeds the limitations in section 50-34-05, the director shall reduce the service area's formula payment as directed in subsection 4 of section 50-34-03.

**50-34-07. Authority to withhold funding.**

Notwithstanding subsection 2 of section 50-01.2-06, if a service area fails to perform duties directed or assigned and supervised by the department of human services, the department of human services may withhold funding from the service area. The amount withheld may not exceed double the actual cost of the duty that was not performed, the per activity amount from the formula, the cost to the department of human services, or the amount of a federal penalty imposed as a result of the duty that was not performed.

**50-34-08. Social services finance fund.**

The social services finance fund is a special fund in the state treasury. Moneys in the fund may be used, subject to legislative appropriation, for the provision of formula payments to service areas pursuant to this chapter.

**SECTION 9. AMENDMENT.** Subsection 3 of section 57-15-01.1 of the North Dakota Century Code is amended and reenacted as follows:

3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:
  - a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.
  - b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.
  - c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district. For purposes of this subdivision, an expired temporary mill levy increase does not include a school district general fund mill rate exceeding one hundred ten mills which has expired or has not received approval of electors for an extension under subsection 2 of section 57-64-03.
  - d. ~~If the base year is a taxable year before 2013, reduced~~Reduced by the amount of state aid under chapter 15.1-27, which is determined by multiplying the budget year taxable valuation of the school district by the lesser of:
    - (1) ~~The~~ the base year mill rate of the school district minus sixty mills; or
    - (2) ~~Fifty~~ fifty mills, if the base year is a taxable year before 2013.
  - e. ~~If~~Reduced by the base year human services county levy in dollars if the base year is a taxable year before ~~2016, 2017~~ the ~~base year human services county levy in dollars must be reduced to the amount of the county social service board budget levy for the budget year as determined under section 11-23-01.~~

**SECTION 10. AMENDMENT.** Subsection 3 of section 57-15-01.1 of the North Dakota Century Code is amended and reenacted as follows:

3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:
  - a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.
  - b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.
  - c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district. For purposes of this subdivision, an expired temporary mill levy increase

does not include a school district general fund mill rate exceeding one hundred ten mills which has expired or has not received approval of electors for an extension under subsection 2 of section 57-64-03.

- d. ~~If the base year is a taxable year before 2013, reduced~~ Reduced by the amount of state aid under chapter 15.1-27, which is determined by multiplying the budget year taxable valuation of the school district by the lesser of:
- (1) ~~The~~ the base year mill rate of the school district minus sixty mills; or
  - (2) ~~Fifty~~ fifty mills, if the base year is a taxable year before 2013.
- e. ~~If the base year is a taxable year before 2016, the base year human services county levy in dollars must be reduced to the amount of the county social service board budget levy for the budget year as determined under section 11-23-01~~ Increased by the highest amount received by the taxing district in a taxable year under chapter 50-34.

**SECTION 11. AMENDMENT.** Section 57-15-06.7 of the North Dakota Century Code is amended and reenacted as follows:

**57-15-06.7. Additional levies - Exceptions to tax levy limitations in counties.**

The tax levy limitations specified in section 57-15-06 do not apply to the following mill levies, which are expressed in mills per dollar of taxable valuation of property in the county:

1. A county supporting an airport or airport authority may levy a tax not exceeding four mills in accordance with section 2-06-15.
2. A county levying a tax for extension work as provided in section 4-08-15 may levy a tax not exceeding two mills and if a majority of the electors of the county have approved additional levy authority under section 4-08-15, the county may levy a voter-approved tax not exceeding an additional tax of two mills.
3. A county levying a tax for historical works in accordance with section 11-11-53 may levy a tax not exceeding one-quarter of one mill, except that if sixty percent of the qualified electors voting on the question of a levy limit increase as provided in section 11-11-53 shall approve, the tax levy limitation may be increased to not exceeding three-quarters of one mill.
4. A county levying a tax for a county or community hospital association as provided in section 23-18-01 may levy a tax for not more than five years not exceeding eight mills in any one year or, in the alternative, for not more than ten years at a mill rate not exceeding five mills.
5. A county levying a tax for county roads and bridges as provided in section 24-05-01 may levy a tax at a tax rate not exceeding ten mills. When authorized by a majority of the qualified electors voting upon the question at a primary or general election in the county, the county commissioners may levy and collect an additional tax for road and bridge purposes as provided in section 24-05-01, not exceeding a combined additional tax rate of twenty mills.
6. A county levying a tax to establish and maintain a public library service as provided in section 40-38-02 may levy a tax not exceeding four mills.
7. A county levying a tax for a county veterans' service officer's salary, traveling, and office expenses in accordance with section 57-15-06.4 may levy a tax not exceeding two mills.
8. A county levying a tax for capital projects under section 57-15-06.6 may levy a tax not exceeding ten mills. When authorized by a majority of the qualified electors voting upon the question of a specific capital project or projects at a primary or general election in the county, the county commissioners may levy and collect an additional voter-approved tax for capital projects under section 57-15-06.6 not exceeding a tax rate of ten mills per dollar of the taxable

valuation of property in the county. After January 1, 2015, approval or re-authorization by electors of increased levy authority under this subsection may not be effective for more than ten taxable years. Any voter-approved levy in excess of ten mills for the purposes specified in section 57-15-06.6 approved by the electors before January 1, 2015, remains effective through 2024 or the period of time for which it was approved by the electors, whichever is less, under the provisions of law in effect at the time it was approved.

9. A county levying a tax for emergency purposes as provided in section 57-15-28 may levy a tax not exceeding two mills in a county with a population of thirty thousand or more, four mills in a county with a population under thirty thousand but more than five thousand, or six mills in a county with a population of five thousand or fewer.
10. A county levying a tax for county emergency medical service according to section 57-15-50 may levy a tax not exceeding ten mills.
11. A county levying a tax for weed control as provided in section 4.1-47-14 may levy a tax not exceeding four mills.
12. A county levying a tax for programs and activities for senior citizens according to section 57-15-56 may levy a tax not exceeding two mills.
13. Tax levies made for paying the principal and interest on any obligations of the county evidenced by the issuance of bonds.
14. A county levying a tax for a job development authority as provided in section 11-11.1-04 may levy a tax not exceeding four mills on the taxable valuation of property within the county. However, if any city within the county is levying a tax for support of a job development authority and the total of the county and city levies exceeds four mills, the county tax levy within the city levying under subsection 12 of section 57-15-10 must be reduced so the total levy in the city does not exceed four mills.
- ~~15. A county levying an annual tax for human services purposes as provided in section 50-06.2-05 may levy a tax not exceeding the lesser of twenty mills or the number of mills determined by dividing the county budget limitation in dollars as determined under section 11-23-01 by the taxable valuation of the county.~~
- ~~16. A levy for an extraordinary expenditure under section 11-11-24 approved by the electors of the county before January 1, 2015, may continue to be levied and collected under provisions of law in effect when the levy was approved and for the term it was approved by the electors. When the levy authority for an extraordinary expenditure ends under this subsection, the fund must be closed out and any unobligated balance in the fund must be transferred to the county general fund.~~
- ~~17. Levies dedicated under section 57-15-59 before January 1, 2015, for lease payments may be continued to be levied and collected for the duration of the lease. When the levy authority for lease payments ends under this subsection, the fund must be closed out and any unobligated balance in the fund must be transferred to the county general fund. A lease for county facilities effective after December 31, 2014, is subject to the capital projects levy limitations of section 57-15-06.6.~~

Tax levy or mill levy limitations do not apply to any statute which expressly provides that taxes authorized to be levied therein are not subject to mill levy limitations provided by law.

**SECTION 12. AMENDMENT.** Subdivision c of subsection 1 of section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

- 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 taxable years before 2017, and chapter 50-34 for taxable years after 2016.

- (1) For purposes of this subdivision, legislative tax relief under chapter 15.1-27 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by the number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year plus the number of mills determined by subtracting from the 2012 taxable year mill rate of the school district in which the parcel is located the lesser of:
  - (1) (a) Fifty mills; or
  - (2) (b) The 2012 taxable year mill rate of the school district minus sixty mills.
- (2) Legislative tax relief under chapter 50-34 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by the number of mills determined by dividing the amount calculated in subsection 1 of section 50-34-03 by the taxable value of taxable property in the county for the taxable year.

**SECTION 13. AMENDMENT.** Subdivision c of subsection 1 of section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

- 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 50-34 for taxable years 2017 and 2018 and under chapter 15.1-27 and under section 57-20-07.2. For purposes of this subdivision, legislative tax relief under chapter 15.1-27 is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by the number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year plus the number of mills determined by subtracting from the 2012 taxable year mill rate of the school district in which the parcel is located the lesser of:
  - (1) Fifty mills; or
  - (2) The 2012 taxable year mill rate of the school district minus sixty mills.

**SECTION 14.** A new section to chapter 57-20 of the North Dakota Century Code is created and enacted as follows:

**Centrally assessed company credit against payments in lieu of taxes.**

1. The owner, operator, or lessee of transmission lines, for which payments in lieu of property taxes are assessed by the state board of equalization under section 57-06-17.3, is entitled to a credit against tax in the amount provided in subsection 3. The credit for each transmission company must be allocated to the counties in the same manner as the tax collected from that company is allocated.
2. The owner, operator, or lessee of electric transmission or distribution property, for which payments in lieu of property taxes are assessed by the state board of equalization under sections 57-33.2-02 or 57-33.2-03, is entitled to a credit against the transmission or distribution tax in the amount provided in subsection 3. The credit for each transmission or distribution company must be allocated and distributed to counties in the same manner as the tax collected from that company is allocated.

3. The amount of credit is determined by multiplying the company's assessed tax by a fraction, the numerator of which is the total of all formula payments calculated for the subsequent calendar year under section 50-34-03 and the denominator of which is the total statewide ad valorem property tax levied in the prior taxable year.
4. The tax commissioner shall annually calculate the amount of credit to which a company is entitled under this section.

**SECTION 15. SUSPENSION.** Chapter 50-03 and section 50-06-20.1 of the North Dakota Century Code are suspended.

**SECTION 16. SUSPENSION.** Section 50-06.2-05 of the North Dakota Century Code is suspended.

**SECTION 17. REPEAL.** Section 57-20-07.2 of the North Dakota Century Code is repealed.

**SECTION 18. LEGISLATIVE MANAGEMENT STUDY - PROPERTY TAX SYSTEM.** During the 2017-18 interim, the legislative management shall consider studying the property tax system, with emphasis on the feasibility and desirability of providing property tax reform and relief. The study must include consideration of all property classifications and taxing districts and evaluate historical fluctuations in property values, the transparency of the property tax system, the processes and procedures available to taxpayers to contest valuations and assessments, the manner in which property tax information is provided to taxpayers, the process of determining taxing district budgets, and taxpayer participation and input in the property tax system. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-sixth legislative assembly.

**SECTION 19. FUNDING FOR STATE-PAID ECONOMIC ASSISTANCE AND SOCIAL SERVICES PILOT PROGRAM - APPROPRIATION - DEPARTMENT OF HUMAN SERVICES.** A total of \$160,700,000 is available to the department of human services for the state-paid economic assistance and social services pilot program for the biennium beginning July 1, 2017, and ending June 30, 2019, as follows:

1. There is appropriated out of any moneys in the social services finance fund in the state treasury, not otherwise appropriated, the sum of \$134,700,000, or so much of the sum as may be necessary, to the department of human services for the purpose of defraying the expenses of the state-paid economic assistance and social services pilot program for the biennium beginning July 1, 2017, and ending June 30, 2019.
2. The department of human services shall also use \$26,000,000 from the department of human services' general fund appropriation in House Bill No. 1012, as approved by the sixty-fifth legislative assembly, for the purpose of defraying the expenses of the state-paid economic assistance and social services pilot program for the biennium beginning July 1, 2017, and ending June 30, 2019.

**SECTION 20. TRANSFER - TAX RELIEF FUND TO SOCIAL SERVICES FINANCE FUND.** The office of management and budget shall transfer the sum of \$134,700,000 from the tax relief fund to the social services finance fund during the biennium beginning July 1, 2017, and ending June 30, 2019.

**SECTION 21. EXEMPTION - BUDGET ALLOTMENTS.** The sum of \$26,000,000 appropriated from the general fund to the department of human services for the state-paid economic assistance and social services pilot program in House Bill No. 1012, as approved by the sixty-fifth legislative assembly, is not subject to the provisions of section 54-44.1-12, and the director of the office of management and budget may not include this amount in calculations used to determine transfers from the budget stabilization fund under section 54-27.2-03 for the biennium beginning July 1, 2017, and ending June 30, 2019.

**SECTION 22. EFFECTIVE DATE - EXPIRATION DATE.** Sections 9, 11, 12, and 16 of this Act are effective for the first two taxable years beginning after December 31, 2016, and are thereafter ineffective. Sections 14 and 17 of this Act are effective for taxable years beginning after December 31,

2016. Sections 1, 3, 8, and 15 of this Act are effective August 1, 2017, through July 31, 2019, and are thereafter ineffective. Sections 4 and 7 of this Act are effective August 1, 2017, through December 31, 2019, and are thereafter ineffective. Sections 10 and 13 of this Act are effective for taxable years beginning after December 31, 2018. Sections 2 and 6 of this Act become effective on August 1, 2019. Section 5 of this Act becomes effective on January 1, 2020.

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President of the Senate

\_\_\_\_\_  
Speaker of the House

\_\_\_\_\_  
Secretary of the Senate

\_\_\_\_\_  
Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Sixty-fifth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2206.

Senate Vote:    Yeas 44            Nays 3            Absent 0

House Vote:    Yeas 75            Nays 15           Absent 4

\_\_\_\_\_  
Secretary of the Senate

Received by the Governor at \_\_\_\_\_ M. on \_\_\_\_\_, 2017.

Approved at \_\_\_\_\_ M. on \_\_\_\_\_, 2017.

\_\_\_\_\_  
Governor

Filed in this office this \_\_\_\_\_ day of \_\_\_\_\_, 2017,

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary of State