

**HOUSE BILL NO. 1437**

Introduced by

Representatives Hatlestad, B. Anderson, Grueneich, Kreidt, Longmuir, Owens, Richter,  
Trottier

Senators Bekkedahl, Krebsbach, Poolman

1 A BILL for an Act to create and enact section 40-05.1-06.2 of the North Dakota Century Code,  
2 relating to city sales tax revenue transfers to school districts for bonded indebtedness; and to  
3 repeal section 40-05.1-06.1 of the North Dakota Century Code, relating to the prohibition on  
4 transferring city sales tax revenue to school districts.

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

6 **SECTION 1.** Section 40-05.1-06.2 of the North Dakota Century Code is created and  
7 enacted as follows:

8 **40-05.1-06.2. Sales tax revenue transfer to school district for bonded indebtedness.**

- 9 1. Upon presentation to the city governing body of a resolution adopted by the school  
10 board of a school district containing fifty percent or more of the territory within the city,  
11 the city governing body shall place on the ballot at a regular or special city election the  
12 question of approval of imposition of an additional city sales, use, farm machinery  
13 gross receipts, and alcoholic beverage gross receipts tax at a rate not exceeding one  
14 percent for principal and interest payments on school district bonds for school building  
15 projects.
- 16 2. Upon approval by sixty percent or more of the qualified electors of the city voting on  
17 the question, the city governing body shall impose a city sales tax at the rate approved  
18 by the electors. Proceeds from the tax imposed must be deposited in a special fund of  
19 the city and transferred to the school district at the times and in the amounts required  
20 for principal and interest payments on bonds issued for purposes of this section. Any  
21 funds in the city special fund at the end of a fiscal year which are unused and  
22 unobligated for principal and interest payments on bonds issued for purposes of this  
23 section may be transferred to the city general fund. Any tax imposed under this section

1           remains effective until bonds issued under the funding authority of this section have  
2           been retired. Any shortfall in funding after application of revenue from the tax imposed  
3           for principal and interest payments on bonds issued for purposes of this section is the  
4           responsibility of the school district and not the city.

5           **SECTION 2. REPEAL.** Section 40-05.1-06.1 of the North Dakota Century Code is repealed.