

Sixty-sixth  
Legislative Assembly  
of North Dakota

## REENGROSSED 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 sections 11-09.1-05.2 and 40-05.1-06.2 of the North  
2 Dakota Century Code, relating to city or county sales tax revenue transfers to school districts for  
3 bonded indebtedness; and to repeal sections 11-09.1-05.1 and 40-05.1-06.1 of the North  
4 Dakota Century Code, relating to the prohibition on transferring city or county sales tax revenue  
5 to school districts.

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

7 **SECTION 1.** Section 11-09.1-05.2 of the North Dakota Century Code is created and  
8 enacted as follows:

9 **11-09.1-05.2. Sales tax revenue transfer to school districts for bonded indebtedness.**

- 10 1. Upon presentation to the board of county commissioners of a resolution adopted by  
11 the school board of a school district within the county, the board of county  
12 commissioners may place on the ballot at a primary or general election the question of  
13 approval of imposition of an additional county sales, use, farm machinery gross  
14 receipts, and alcoholic beverage gross receipts tax. The rate of tax imposed for all  
15 participating school districts may not exceed one percent for principal and interest  
16 payments on school district bonds for school building projects.
- 17 2. Upon approval by sixty percent or more of the qualified electors of the county voting  
18 on the question, the board of county commissioners shall impose a county sales tax at  
19 the rate approved by the electors on taxable transactions occurring outside of the  
20 boundaries of a city within that county if the city has imposed a sales tax for school  
21 districts, or subsequently enacts and imposes a sales tax for school districts under  
22 section 40-05.1-06.2. Proceeds from the tax imposed must be deposited in a special  
23 fund of the county and transferred quarterly to each participating school district for

- 1           principal and interest payments on bonds issued for purposes of this section.  
2           Proceeds must be transferred to each participating school district in proportion to the  
3           amount levied in dollars by the participating school district under section 57-15-14.2  
4           for the payment of principal and interest on bonded debt of the school district as  
5           compared to the total amount levied in dollars by all participating school districts under  
6           section 57-15-14.2 for the payment of principal and interest on bonded debt.  
7           3. Any funds in the county special fund at the end of a fiscal year which are unused and  
8           unobligated for principal and interest payments on bonds issued for purposes of this  
9           section may be transferred to the county general fund. Any tax imposed under this  
10           section remains effective until bonds issued under the funding authority of this section  
11           have been retired. Any shortfall in funding after application of revenue from the tax  
12           imposed for principal and interest payments on bonds issued for purposes of this  
13           section is the responsibility of the participating school district and not the county.  
14           4. For purposes of this section, "participating school district" means a school district that  
15           presented an adopted resolution to the board of county commissioners under  
16           subsection 1, which is entitled to sales tax revenue under this section.

17           **SECTION 2.** Section 40-05.1-06.2 of the North Dakota Century Code is created and  
18 enacted as follows:

19           **40-05.1-06.2. Sales tax revenue transfer to school district for bonded indebtedness.**

- 20           1. Upon presentation to the city governing body of a resolution adopted by the school  
21           board of a school district containing fifty percent or more of the territory within the city,  
22           the city governing body may place on the ballot at a regular or special city election the  
23           question of approval of imposition of an additional city sales, use, farm machinery  
24           gross receipts, and alcoholic beverage gross receipts tax at a rate not exceeding one  
25           percent for principal and interest payments on school district bonds for school building  
26           projects.  
27           2. Upon approval by sixty percent or more of the qualified electors of the city voting on  
28           the question, the city governing body shall impose a city sales tax at the rate approved  
29           by the electors. Proceeds from the tax imposed must be deposited in a special fund of  
30           the city and transferred to the school district at the times and in the amounts required  
31           for principal and interest payments on bonds issued for purposes of this section. Any

1           funds in the city special fund at the end of a fiscal year which are unused and  
2           unobligated for principal and interest payments on bonds issued for purposes of this  
3           section may be transferred to the city general fund. Any tax imposed under this section  
4           remains effective until bonds issued under the funding authority of this section have  
5           been retired. Any shortfall in funding after application of revenue from the tax imposed  
6           for principal and interest payments on bonds issued for purposes of this section is the  
7           responsibility of the school district and not the city.

8           **SECTION 3. REPEAL.** Sections 11-09.1-05.1 and 40-05.1-06.1 of the North Dakota  
9 Century Code are repealed.