

October 1998

OLD-AGE AND SURVIVOR INSURANCE SYSTEM TAX LEVY - HISTORY

The Employee Benefits Programs Committee is considering a bill at the request of the North Dakota Association of Counties which would allow political subdivisions to pay Public Employees Retirement System employee contributions from the old-age and survivor insurance tax levy authorized in North Dakota Century Code (NDCC) Section 57-15-28.1(5). This memorandum discusses the history of the old-age and survivor insurance tax levy.

The Old-Age and Survivor Insurance System (OASIS) was created by the Legislative Assembly in 1947. Section 8C of 1947 House Bill No. 182 authorized political subdivisions to levy a tax sufficient to meet their obligations under the OASIS over and above any levy limitations then prescribed by law for political subdivisions. In 1973 the Legislative Assembly amended NDCC Section 52-09-08(C) to provide that political subdivisions could levy a tax sufficient to meet their obligations under the OASIS up to a maximum levy of 40 mills on each dollar of the net assessed taxable valuation of the political subdivision. The Legislative Assembly also provided at this time that any obligations under the OASIS over and above the amount raised by the maximum levy permitted must be paid out of the general fund of the political subdivision. As introduced, the bill would have limited the levy to 20 mills, but the limitation was increased to 40 mills.

The legislative history for 1973 House Bill No. 1295, which established the levy limitation, notes that the taxable base in some localities was so low that it required a high mill levy in order to raise sufficient funds to pay for the OASIS. Proponents of the bill testified that the high levy placed a heavy tax burden on a few landowners, and the bill was intended to place a reasonable limit on the levy and to address concerns that the levy would increase as high as any levy in the state if a limit was not placed on it. Finally, it was pointed out that under the bill any obligations over and above the amount raised by the maximum levy must be paid out of the general fund of the political subdivision. Thus, it was felt that even with the levy limitation, political subdivisions would still be able to meet their OASIS obligations from the general fund of the political subdivision.

In 1983 various tax levies and limitations that were located throughout the North Dakota Century Code were consolidated in Section 57-15-28.1. In 1987 the Legislative Assembly allowed political subdivisions, except school districts, multidistrict special education boards, and center boards of a multidistrict vocational

education center, to levy a tax not exceeding four mills for comprehensive health care insurance employee benefit programs duly established by the governing body. At this time, the Legislative Assembly also reduced the old-age and survivor insurance tax levy from 40 mills to 30 mills. Testimony submitted by the North Dakota Association of Counties indicated that it was no longer necessary to have the flexibility to levy up to 40 mills because school districts were no longer included as a political subdivision that could levy a tax under the authorization, and thus the limitation was reduced to 30 mills. A schedule showing county mill rates in 1986 is attached as Appendix A.

In 1997 the Legislative Assembly amended Section 57-15-28.1(5) to provide that the OASIS tax levy could be used for Social Security or for an employee retirement program established by the governing body or for any combination of these purposes. At this time, the Tax Department prepared a fiscal note that stated there was no fiscal impact for state general or special funds, counties, cities, or school districts. However, the North Dakota Association of Counties did submit information on the OASIS and Social Security tax levy levied by each county at that time. A copy of this schedule is attached as Appendix B.

Following the 1997 Legislative Assembly, the Tax Commissioner determined that another statutory change was necessary to accomplish the goals of the North Dakota Association of Counties. Under state law, the source of funds for the employee's share of the Public Employees Retirement System contribution, if paid by the employer, must come from the same source of funds as their compensation. Thus, the Tax Commissioner advised county auditors that the OASIS levy was only available for the employer's contribution and could not be used for the employee's contribution. As a result, Employee Benefits Programs Committee Bill No. 53 has been submitted to allow employers to pay employee contributions under the Public Employees Retirement System from the levy provided in Section 57-15-28.1(5). Thus, if this bill is enacted by the Legislative Assembly, political subdivisions could use the OASIS tax levy to pay both employer and employee contributions under the Public Employees Retirement System.

ATTACH:2

HB 1426
Mark Johnson
2/6/01

1998 COUNTY MILL RATES

County	County General	State & General Social Security
ADAMS	36.96	6.33
BARNES	27.15	2.11
BENSON	26.41	3.37
BILLINGS	21.79	
BOTTINEAU	21.01	2.14
BOWMAN	27.10	4.99
BURKE	23.37	6.13
BURLEIGH	20.43	1.92
CASS	29.60	.97
CAVALIER	26.19	2.38
DICKEY	30.25	3.05
DIVIDE	17.02	12.02
DUNN	24.30	2.07
COOY	25.34	2.99
EMMONS	24.31	2.91
FOSTER	24.05	2.00
GOLDEN VALLEY	63.86	7.53
GRAND FORKS	29.35	3.21
GRANT	29.79	3.43
GRIGGS	25.44	6.50
HETTINGER	36.96	4.64
KIDDER	24.99	2.95
LAMOUR	31.12	3.23
LOGAN	30.35	5.46
MCHENRY	25.11	2.06
MCKENZIE	23.77	2.06
MCKENZIE	24.26	3.95
MCLEAN	22.19	9.94
MERCER	33.70	4.31
MORTON	32.65	3.31
MOUNTAIN	30.30	5.04
NELSON	25.97	3.96
OLIVER	24.54	5.01
PEMBINA	25.55	4.00
PIERCE	29.40	3.38
RAMSEY	26.81	3.51
RANSOM	31.34	3.54
RENVILLE	30.61	5.80
RICHLAND	33.36	1.39
ROLETTE	26.31	6.04
SARGENT	28.11	3.74
SHERIDAN	26.32	3.24
SIoux	39.04	14.79
SLOPE		5.45
STARK	33.46	4.07
STEELE	27.37	2.24
STUTSMAN	25.99	3.28
TOWNER	30.78	2.22
TRAILL	27.90	3.40
WALSH	25.60	4.74
WARD	25.10	2.42
WELLS	36.26	3.37
WILLIAMS	27.50	4.84

TABLE A - Extracted from Table 32 - State Tax Dept. Property Tax Report

Mark Johnson
SB 5195

County	Total County Levy	1211 OASIS & Social Security
Adams	139.02	4.92
Barnes	118.89	4.00
Benson	127.69	1.08
Billings	54.90	9.75
Bottineau	105.02	4.01
Bowman	102.40	7.08
Burke	82.68	4.95
Burleigh	76.65	3.78
Cass	66.56	
Cavalier	104.58	4.28
Dickey	124.73	3.80
Divide	82.73	5.67
Dunn	91.50	6.28
Eddy	142.85	5.87
Emmons	107.26	4.37
Foster	98.84	4.64
Golden Valley	107.52	5.07
Grand Forks	100.13	4.41
Grant	102.14	6.86
Griggs	115.52	6.25
Hettinger	122.81	4.69
Kidder	107.94	5.46
LaMoure	99.60	4.37
Logan	112.21	4.76
McHenry	107.40	4.29
McIntosh	99.47	5.39
McKenzie	37.98	2.16
McLean	50.87	
Mercer	63.19	7.45
Morton	119.44	7.00
Mountrail	109.80	7.16
Nelson	143.46	5.35
Oliver	73.03	6.06
Pembina	92.83	6.50
Pierce	130.76	5.22
Ramsey	110.70	4.00
Ransom	101.06	4.73
Renville	93.28	5.86
Richland	114.83	6.42
Rolette	122.45	3.33
Sargent	117.38	2.61
Sheridan	95.80	4.71
Sioux	149.56	20.31
Slope	79.45	7.28
Stark	136.55	8.74
Steele	106.72	4.23
Stutsman	108.24	4.63
Towner	121.65	4.89
Traill	132.00	4.88
Walsh	110.79	4.54
Ward	82.45	1.85
Wells	110.77	6.85
Williams	114.90	6.88
# of Counties Levying	53.00	51.00
Avg. Mill for Co's Levying	104.36	5.58
Lowest Rate Levied	37.98	1.08
Highest Rate Levied	149.56	20.31