

**HOUSE BILL NO. 1192**

Introduced by

Representatives Kading, Bellew, Ertelt, Schatz, Toman

Senator Heitkamp

1 A BILL for an Act to create and enact a new section to chapter 57-02 and a new section to  
2 chapter 57-15 of the North Dakota Century Code, relating to limitations on the true and full  
3 valuation of property for tax purposes and limitations on property tax levied by taxing districts  
4 without voter approval; to amend and reenact subdivision a of subsection 4 of section  
5 15.1-27-04.1 of the North Dakota Century Code, relating to the calculation of school district  
6 state aid payments; and to provide an effective date.

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

8 **SECTION 1. AMENDMENT.** Subdivision a of subsection 4 of Section 15.1-27-04.1 of the  
9 North Dakota Century Code, as effective through June 30, 2025, is amended and reenacted as  
10 follows:

11 a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the  
12 school district, ~~except provided that after 2021, the amount in dollars subtracted~~  
13 ~~for purposes of this subdivision may not exceed the previous year's amount in~~  
14 ~~dollars subtracted for purposes of this subdivision by more than twelve percent or~~  
15 ~~the previous year's amount of dollars subtracted for purposes of this subdivision~~  
16 ~~increased by the percentage approved by a majority of the qualified electors of~~  
17 ~~the school district pursuant to subsection 3 of section 3 of this Act, adjusted~~  
18 pursuant to section 15.1-27-04.3; and

19 **SECTION 2.** A new section to chapter 57-02 of the North Dakota Century Code is created  
20 and enacted as follows:

21 **Limitation on true and full valuation on property.**

22 1. Notwithstanding any other provision of law, the true and full valuation on any parcel of  
23 taxable property may not exceed the true and full valuation on that parcel of taxable  
24 property in the preceding taxable year, except to the extent improvements to the

- 1           property have been made which were not included in the taxable valuation of the  
2           property in the previous taxable year.
- 3           2. True and full valuations exceeding the limitations under subsection 1 may be imposed  
4           upon approval of a ballot measure, stating the proposed maximum allowable  
5           percentage increase in true and full valuation, by a majority of the qualified electors of  
6           the taxing district voting on the question at a regular or special election of the taxing  
7           district. True and full valuations exceeding the limitations under subsection 1 may be  
8           approved by electors for not more than one taxable year at a time.
- 9           3. A city or county may not supersede or modify the application of the provisions of this  
10           section under home rule authority.

11           **SECTION 3.** A new section to chapter 57-15 of the North Dakota Century Code is created  
12 and enacted as follows:

13           **Limitation on levies by taxing districts without voter approval.**

- 14           1. Notwithstanding that a taxing district may have unused or excess levy authority under  
15           any other provision of law, this section supersedes and limits that authority. For  
16           purposes of this section, "taxing district" means any political subdivision empowered to  
17           levy taxes. This section may not be interpreted as authority to increase any property  
18           tax levy authority otherwise provided by law and must be applied to limit any property  
19           tax levy authority to which a taxing district may otherwise be entitled. Property taxes  
20           levied in dollars by a taxing district may not exceed the amount the taxing district  
21           levied in dollars in the preceding taxable year except:
- 22           a. When property and improvements to property which were not taxable in the  
23           preceding taxable year are taxable in the current year, the amount levied in  
24           dollars in the preceding taxable year by the taxing district must be increased for  
25           purposes of this section to reflect the taxes that would have been imposed  
26           against the additional taxable valuation attributable to that property at the mill rate  
27           applied to all property in the preceding taxable year.
- 28           b. When a property tax exemption existed in the preceding taxable year which has  
29           been reduced or no longer exists for the current taxable year, the amount levied  
30           in dollars in the preceding taxable year by the taxing district must be increased  
31           for purposes of this section to reflect the taxes that would have been imposed

- 1           against the portion of the taxable valuation of the property which is no longer  
2           exempt at the mill rate applied to all property in the preceding taxable year.
- 3           c. When property that was taxable in the preceding taxable year is not taxable for  
4           the current taxable year, the amount levied in dollars in the preceding taxable  
5           year by the taxing district must be reduced for purposes of this section by the  
6           amount of taxes that were imposed against the taxable valuation of that property  
7           in the preceding taxable year.
- 8           d. When a temporary mill levy increase, excluding an increase under this section,  
9           authorized by the electors of the taxing district or mill levy imposition authority  
10           under state law existed in the previous taxable year but is no longer applicable or  
11           has been reduced, the amount levied in dollars in the previous taxable year by  
12           the taxing district must be adjusted to reflect the expired temporary mill levy  
13           increase and the eliminated or reduced mill levy under state law before the  
14           percentage increase allowable under this subsection is applied.
- 15        2. The limitation on the total amount levied by a taxing district under subsection 1 does  
16        not apply to:
- 17           a. New or increased property tax levy authority that was not available to the taxing  
18           district in the preceding taxable year, including property tax levy authority  
19           provided by state law or approved by the electors of the taxing district.
- 20           b. Any irrevocable tax to pay bonded indebtedness levied under section 16 of  
21           article X of the Constitution of North Dakota. Any tax levied for this purpose must  
22           be excluded from the mill rate applied under subdivisions a through c of  
23           subsection 1.
- 24           c. The one-mill levy for the state medical center authorized by section 10 of article X  
25           of the Constitution of North Dakota. Any tax levied for this purpose must be  
26           excluded from the mill rate applied under subdivisions a through c of  
27           subsection 1.
- 28           d. The levy, not to exceed one mill, for the Garrison Diversion Conservancy District,  
29           authorized by section 57-15-26.8.
- 30           e. Taxes or special assessments levied to pay the principal and interest on any  
31           obligations of any political subdivision, including taxes levied for deficiencies in

- 1                   special assessment and improvement district funds and revenue bond and  
2                   reserve funds.
- 3            f.   Taxes levied pursuant to law for the proportion of the cost to any taxing district for  
4                   a special improvement project by general taxation.
- 5            g.   Taxes levied under sections 40-24-10, 40-43-01, 57-15-41, and 61-21-52.
- 6            3.   A levy exceeding the limitation under subsection 1 may be imposed upon approval of a  
7                   ballot measure, stating the percentage of the proposed property tax levy increase, by  
8                   a majority of the qualified electors of the taxing district voting on the question at a  
9                   regular or special election of the taxing district. A levy exceeding the limitation under  
10                  subsection 1 may be approved by electors for not more than one taxable year at a  
11                  time.
- 12           4.   A city or county may not supersede or modify the application of the provisions of this  
13                  section under home rule authority.

14           **SECTION 4. EFFECTIVE DATE.** Sections 2 and 3 of this Act are effective for taxable years  
15 beginning after December 31, 2021.