

Sixty-fourth  
Legislative Assembly  
of North Dakota

ENGROSSED HOUSE BILL NO. 1344

Introduced by

Representatives Sukut, Beadle, Dockter, Hatlestad, Hofstad, Louser, Sanford, Steiner  
Senator Rust

1 A BILL for an Act to create and enact section 57-39.2-26.3 of the North Dakota Century Code,  
2 relating to the creation of a sales tax equity fund and allocation of revenues from that fund to  
3 cities and counties; to provide a continuing appropriation; and to provide an effective date.

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

5 **SECTION 1.** A new section 57-39.2-26.3 of the North Dakota Century Code is created and  
6 enacted as follows:

7 **57-39.2-26.3. Sales tax equity fund - Allocation - Appropriation.**

8 1. Notwithstanding any other provision of law, a portion of sales, gross receipts, use, and  
9 motor vehicle excise tax collections, equal to two and one-half percent of allocable  
10 revenue must be deposited by the state treasurer into a special fund in the state  
11 treasury, to be known as the sales tax equity fund. The commissioner shall certify to  
12 the state treasurer the portion of sales, gross receipts, use, and motor vehicle excise  
13 tax net revenues that must be deposited in the sales tax equity fund as determined  
14 under this subsection. Revenues deposited in the sales tax equity fund under this  
15 subsection are provided as a standing and continuing appropriation and must be  
16 allocated as follows:

17 a. Fifty-three and seven-tenths percent of the revenues must be allocated to  
18 counties in the first month after each quarterly period as provided in this  
19 subdivision.

20 (1) Sixty-four percent of the amount must be allocated among the seventeen  
21 counties with the greatest population, in the following manner:

22 (a) Thirty-two percent of the amount must be allocated equally among the  
23 counties; and

1                   (b) The remaining amount must be allocated based upon the proportion  
2                   each such county's population bears to the total population of all such  
3                   counties.

4           (2) Thirty-six percent of the amount must be allocated among all counties,  
5           excluding the seventeen counties with the greatest population, in the  
6           following manner:

7                   (a) Forty percent of the amount must be allocated equally among the  
8                   counties; and

9                   (b) The remaining amount must be allocated based upon the proportion  
10                  each such county's population bears to the total population of all such  
11                  counties.

12                   A county shall deposit all revenues received under this subdivision in the county  
13                   general fund.

14           b. Forty-six and three-tenths percent of the revenues must be allocated to cities in  
15           the first month after each quarterly period based upon the proportion each city's  
16           population bears to the total population of all cities.

17                   A city shall deposit all revenues received under this subdivision in the city general  
18                   fund.

19           2. Notwithstanding any other provision of law, a portion of sales, gross receipts, use, and  
20           motor vehicle excise tax collections, equal to seven and one-half percent of allocable  
21           revenue must be deposited by the state treasurer in the sales tax equity fund. The  
22           commissioner shall certify to the state treasurer the portion of sales, gross receipts,  
23           use, and motor vehicle excise tax net revenues that must be deposited in the sales tax  
24           equity fund as determined under this subsection. Revenues deposited in the sales tax  
25           equity fund under this subsection are provided as a standing and continuing  
26           appropriation and must be allocated to cities in the first month after each quarterly  
27           period as follows:

28                   a. Thirty-three and one-third percent of the amount must be allocated to cities  
29                   having taxable sales and purchases of over one hundred million dollars but under  
30                   one billion dollars in the previous fiscal year based upon the proportion each

1                   city's taxable sales and purchases bear to the total taxable sales and purchases  
2                   of all cities qualifying for allocations under this subsection; and

3           b.   The remaining amount must be allocated to cities having taxable sales and  
4                   purchases of one billion dollars or more in the previous fiscal year based upon  
5                   the proportion each city's taxable sales and purchases bear to the total taxable  
6                   sales and purchases of all cities qualifying for allocations under this subsection.

7           The commissioner shall certify to the state treasurer the amounts to be allocated  
8                   under this subsection to each eligible city in each quarterly period.

9           3.   For purposes of this section, "allocable revenue" means an amount determined by  
10                   multiplying the quotient of one percent divided by the general sales tax rate, that was  
11                   in effect when the taxes were collected, times the net sales, gross receipts, use, and  
12                   motor vehicle excise tax collections under chapters 57-39.2, 57-39.5, 57-39.6,  
13                   57-40.2, and 57-40.3.

14           **SECTION 2. EFFECTIVE DATE.** This Act is effective for net sales, gross receipts, use, and  
15           motor vehicle excise tax collections under chapters 57-39.2, 57-39.5, 57-39.6, 57-40.2, and  
16           57-40.3 received by the tax commissioner after June 30, 2015.