

HOUSE BILL NO. 1390

Introduced by

Representatives Schatz, Bellew, Kasper

Senator O. Larsen

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 levies by taxing districts
4 without voter approval; to amend and reenact subsection 4 of section 15.1-27-04.1 of the North
5 Dakota Century Code, relating to the determination of school district state aid payments; and to
6 provide an effective date.

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

8 **SECTION 1. AMENDMENT.** Subsection 4 of section 15.1-27-04.1 of the North Dakota
9 Century Code is amended and reenacted as follows:

10 4. After determining the product in accordance with subsection 3, the superintendent of
11 public instruction shall:

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

19 b. Subtract an amount equal to seventy-five percent of all revenues listed in
20 paragraphs 1 through 5, and 7 of subdivision f of subsection 1 and one hundred
21 percent of all revenues listed in paragraphs 6, 8, and 9 of subdivision f of
22 subsection 1.

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

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

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

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

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

- 18 1. Notwithstanding that a taxing district may have unused or excess levy authority under
19 any other provision of law, this section supersedes and limits that authority. For
20 purposes of this section, "taxing district" means any political subdivision empowered to
21 levy taxes. This section may not be interpreted as authority to increase any property
22 tax levy authority otherwise provided by law and must be applied to limit any property
23 tax levy authority to which a taxing district may otherwise be entitled. Property taxes
24 levied in dollars by a taxing district may not exceed the amount the taxing district
25 levied in dollars in the preceding taxable year except:
- 26 a. When property and improvements to property which were not taxable in the
27 preceding taxable year are taxable in the current year, the amount levied in
28 dollars in the preceding taxable year by the taxing district must be increased for
29 purposes of this section to reflect the taxes that would have been imposed
30 against the additional taxable valuation attributable to that property at the mill rate
31 applied to all property in the preceding taxable year.

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

- 1 d. The levy, not to exceed one mill, for the Garrison Diversion Conservancy District,
2 authorized by section 57-15-26.8.
- 3 e. Taxes or special assessments levied to pay the principal and interest on any
4 obligations of any political subdivision, including taxes levied for deficiencies in
5 special assessment and improvement district funds and revenue bond and
6 reserve funds.
- 7 f. Taxes levied pursuant to law for the proportion of the cost to any taxing district for
8 a special improvement project by general taxation.
- 9 g. Taxes levied under sections 40-24-10, 40-43-01, 57-15-41, and 61-21-52.
- 10 3. A levy exceeding the limitation under subsection 1 may be imposed upon approval of a
11 ballot measure, stating the percentage of the proposed property tax levy increase, by
12 a majority of the qualified electors of the taxing district voting on the question at a
13 regular or special election of the taxing district. A levy exceeding the limitation under
14 subsection 1 may be approved by electors for not more than one taxable year at a
15 time.
- 16 4. A city or county may not supersede or modify the application of the provisions of this
17 section under home rule authority.

18 **SECTION 4. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
19 December 31, 2019.