

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.