

Sixty-second
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1047

Introduced by

Legislative Management

(Taxation Committee)

1 A BILL for an Act to amend and reenact sections 57-15-01.1, 57-35.3-03, 57-35.3-05,
 2 57-35.3-07, 57-35.3-08, and 57-38-30, subsection 1 of section 57-38-30.3, and sections
 3 57-64-01, 57-64-02, 57-64-03, and 57-64-04 of the North Dakota Century Code and section 13
 4 of chapter 520 of the 2007 Session Laws, relating to reduction of the rate of the financial
 5 institutions tax and adjustment of the allocation of the tax, a reduction in income tax rates for
 6 corporations, individuals, estates, and trusts, and allocation of state funding to school districts
 7 for mill levy reduction grants and property tax levies of school districts; to repeal chapter 57-16
 8 of the North Dakota Century Code, relating to certain excess levies of school districts; to
 9 provide an appropriation; to provide for ~~transfers~~ a transfer; to provide for legislative
 10 management studies; and to provide an effective date.

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

12 **SECTION 1. AMENDMENT.** Section 57-15-01.1 of the North Dakota Century Code is
 13 amended and reenacted as follows:

14 **57-15-01.1. Protection of taxpayers and taxing districts.**

15 Each taxing district may levy the lesser of the amount in dollars as certified in the budget of
 16 the governing body, or the amount in dollars as allowed in this section, subject to the following:

- 17 1. No taxing district may levy more taxes expressed in dollars than the amounts allowed
 18 by this section.
- 19 2. For purposes of this section:
 - 20 a. "Base year" means the taxing district's taxable year with the highest amount
 21 levied in dollars in property taxes of the three taxable years immediately
 22 preceding the budget year. For a park district general fund, the "amount levied in
 23 dollars in property taxes" is the sum of amounts levied in dollars in property taxes
 24 for the general fund under section 57-15-12 including any additional levy

- 1 approved by the electors, the insurance reserve fund under section 32-12.1-08,
2 the employee health care program under section 40-49-12, the public recreation
3 system under section 40-55-09 including any additional levy approved by the
4 electors, forestry purposes under section 57-15-12.1 except any additional levy
5 approved by the electors, pest control under section 4-33-11, and handicapped
6 person programs and activities under section 57-15-60;
- 7 b. "Budget year" means the taxing district's year for which the levy is being
8 determined under this section;
- 9 c. "Calculated mill rate" means the mill rate that results from dividing the base year
10 taxes levied by the sum of the taxable value of the taxable property in the base
11 year plus the taxable value of the property exempt by local discretion or
12 charitable status, calculated in the same manner as the taxable property; and
- 13 d. "Property exempt by local discretion or charitable status" means property
14 exempted from taxation as new or expanding businesses under chapter 40-57.1;
15 improvements to property under chapter 57-02.2; or buildings belonging to
16 institutions of public charity, new single-family residential or townhouse or
17 condominium property, property used for early childhood services, or pollution
18 abatement improvements under section 57-02-08.
- 19 3. A taxing district may elect to levy the amount levied in dollars in the base year. Any
20 levy under this section must be specifically approved by a resolution approved by the
21 governing body of the taxing district. Before determining the levy limitation under this
22 section, the dollar amount levied in the base year must be:
- 23 a. Reduced by an amount equal to the sum determined by application of the base
24 year's calculated mill rate for that taxing district to the final base year taxable
25 valuation of any taxable property and property exempt by local discretion or
26 charitable status which is not included in the taxing district for the budget year but
27 was included in the taxing district for the base year.
- 28 b. Increased by an amount equal to the sum determined by the application of the
29 base year's calculated mill rate for that taxing district to the final budget year
30 taxable valuation of any taxable property or property exempt by local discretion or

- 1 charitable status which was not included in the taxing district for the base year
2 but which is included in the taxing district for the budget year.
- 3 c. Reduced to reflect expired temporary mill levy increases authorized by the
4 electors of the taxing district. For purposes of this subdivision, an expired
5 temporary mill levy increase does not include a school district general fund mill
6 rate exceeding one hundred ten mills which has expired or has not received
7 approval of electors for an extension under subsection 2 of section 57-64-03.
- 8 d. Increased, for a school district determining its levy limitation under this section,
9 by the amount the school district's mill levy reduction grant under section
10 57-64-02 for the base year exceeds the amount of the school district's mill levy
11 reduction grant under section 57-64-02 for the budget year.
- 12 e. Reduced for a school district determining its levy limitation under this section, by
13 the amount the school district's mill levy reduction grant under section 57-64-02
14 for the budget year exceeds the amount of the school district's mill levy reduction
15 grant under section 57-64-02 for the base year.
- 16 4. In addition to any other levy limitation factor under this section, a taxing district may
17 increase its levy in dollars to reflect new or increased mill levies authorized by the
18 legislative assembly or authorized by the electors of the taxing district.
- 19 5. Under this section a taxing district may supersede any applicable mill levy limitations
20 otherwise provided by law, or a taxing district may levy up to the mill levy limitations
21 otherwise provided by law without reference to this section, but the provisions of this
22 section do not apply to the following:
- 23 a. Any irrevocable tax to pay bonded indebtedness levied pursuant to section 16 of
24 article X of the Constitution of North Dakota.
- 25 b. The one-mill levy for the state medical center authorized by section 10 of article X
26 of the Constitution of North Dakota.
- 27 6. A school district choosing to determine its levy authority under this section may apply
28 subsection 3 only to the amount in dollars levied for general fund purposes under
29 section 57-15-14 or, if the levy in the base year included separate general fund and
30 special fund levies under sections 57-15-14 and 57-15-14.2, the school district may
31 apply subsection 3 to the total amount levied in dollars in the base year for both the

1 general fund and special fund accounts. School district levies under any section other
2 than section 57-15-14 may be made within applicable limitations but those levies are
3 not subject to subsection 3.

4 7. Optional levies under this section may be used by any city or county that has adopted
5 a home rule charter unless the provisions of the charter supersede state laws related
6 to property tax levy limitations.

7 **SECTION 2. AMENDMENT.** Section 57-35.3-03 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **57-35.3-03. Imposition and basis of tax.**

10 An annual tax is imposed upon each financial institution for the grant to it of the privilege of
11 transacting, or for the actual transacting by it, of business within this state during any part of
12 each tax year. The tax is based upon and measured by the taxable income of the financial
13 institution for the calendar year. The rate of tax is ~~seven~~six and one-half percent of taxable
14 income, but the amount of tax may not be less than fifty dollars.

15 **SECTION 3. AMENDMENT.** Section 57-35.3-05 of the North Dakota Century Code is
16 amended and reenacted as follows:

17 **57-35.3-05. Credits.**

18 1. a. There is allowed a credit against the tax imposed by sections 57-35.3-01 through
19 57-35.3-12 in an amount equal to fifty percent of the aggregate amount of
20 charitable contributions made by the taxpayer during the taxable year to nonprofit
21 private institutions of higher education located within the state or to the North
22 Dakota independent college fund. The amount allowable as a credit under this
23 subdivision for any taxable year may not exceed ~~five and seven-tenths~~four and
24 six-tenths percent of the tax before credits allowed under this section, or two
25 thousand five hundred dollars, whichever is less.

26 b. There is allowed a credit against the tax imposed by sections 57-35.3-01 through
27 57-35.3-12 in an amount equal to fifty percent of the aggregate amount of
28 charitable contributions made by the taxpayer during the taxable year to nonprofit
29 private institutions of secondary education located within the state. The amount
30 allowable as a credit under this subdivision for any taxable year may not exceed

1 | ~~five and seven tenths~~ four and six tenths percent of the tax before credits allowed
2 | under this section, or two thousand five hundred dollars, whichever is less.

3 | c. For the purposes of this subsection, the term "nonprofit private institution of
4 | higher education" means only a nonprofit private educational institution located in
5 | North Dakota which normally maintains a regular faculty and curriculum and
6 | which normally has a regularly organized body of students in attendance at the
7 | place where its educational activities are carried on, and which regularly offers
8 | education at a level above the twelfth grade. The term "nonprofit private
9 | institution of secondary education" means only a nonprofit private educational
10 | institution located in North Dakota which normally maintains a regular faculty and
11 | curriculum approved by the department of public instruction and which normally
12 | has a regularly organized body of students in attendance at the place where its
13 | educational activities are carried on, and which regularly offers education to
14 | students in the ninth through twelfth grades.

15 | d. For the purposes of this subsection, a taxpayer may elect to treat a contribution
16 | as made in the preceding taxable year if the contribution and election are made
17 | not later than the time prescribed for filing the return for the taxable year.

18 | 2. a. There is allowed a credit against the tax imposed by sections 57-35.3-01 through
19 | 57-35.3-12 in an amount equal to any overpayment of tax paid pursuant to
20 | chapter 57-35 or 57-35.1, for a taxable year beginning before January 1, 1997, to
21 | the extent that the overpayment would have been an allowable deduction from
22 | tax payable for the current taxable year, under section 57-35-12 or 57-35.1-07, if
23 | chapters 57-35 and 57-35.1 applied to the current taxable year. The amount
24 | allowable as a credit under this subsection for any taxable year may not exceed
25 | five-sevenths of the tax before credits allowed under this section.

26 | b. For purposes of determining distributions to and from the counties under section
27 | 57-35.3-09:

28 | (1) The balance in the financial institution tax distribution fund and the amount
29 | of the payment received by each county from the state shall be determined
30 | as if any credit allowed under subdivision a had not been claimed and the
31 | full amount of the tax otherwise due had been timely paid;

1 (2) The credited amount must be deducted from the distributions that would
2 otherwise be made to and from the county that received the tax
3 overpayment until the sum of the deductions equals the credit; and

4 (3) The deductions from distributions made by a county to each distributee
5 must be proportionate to the overpayment of tax received by each
6 distributee.

7 3. There is allowed a credit against the tax imposed by sections 57-35.3-01 through
8 57-35.3-12 in an amount equal to fifty percent of the aggregate amount of
9 contributions made by the taxpayer during the taxable year for tuition scholarships for
10 participation in rural leadership North Dakota conducted through the North Dakota
11 state university extension service. Contributions by a taxpayer may be earmarked for
12 use by a designated recipient. The amount allowable as a credit under this subsection
13 for any taxable year may not exceed ~~five and seven-tenths~~four and six-tenths percent
14 of the tax before credits allowed under this section, or two thousand five hundred
15 dollars, whichever is less.

16 **SECTION 4. AMENDMENT.** Section 57-35.3-07 of the North Dakota Century Code is
17 amended and reenacted as follows:

18 **57-35.3-07. Payment of tax.**

19 ~~Two-sevenths~~Three-thirteenths of the tax before credits allowed under section 57-35.3-05,
20 less the credit allowed under subsection 1 of section 57-35.3-05, must be paid to the
21 commissioner on or before April fifteenth of the year in which the return is due, regardless of
22 any extension of the time for filing the return granted under section 57-35.3-06.

23 ~~Five-sevenths~~Ten-thirteenths of the tax before credits allowed under section 57-35.3-05, less
24 the credit allowed under subsection 2 of section 57-35.3-05, must be paid to the commissioner
25 on or before January fifteenth of the year after the return is due. Payment must be made by
26 check, draft, or money order, payable to the commissioner, or as prescribed by the
27 commissioner under subsection 15 of section 57-01-02.

28 **SECTION 5. AMENDMENT.** Section 57-35.3-08 of the North Dakota Century Code is
29 amended and reenacted as follows:

1 **57-35.3-08. Disposition of tax.**

2 The commissioner shall deposit the portion of the tax payable in the year the return is due
3 in the general fund of the state treasury and shall deposit the portion of the tax payable in the
4 year after the return is due in the financial institution tax distribution fund of the state treasury,
5 ~~which is hereby created~~. Interest, penalty, and late tax payments attributable to each portion of
6 the tax must be deposited in the appropriate fund.

7 **SECTION 6. AMENDMENT.** Section 57-38-30 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **57-38-30. Imposition and rate of tax on corporations.**

10 A tax is hereby imposed upon the taxable income of every domestic and foreign corporation
11 which must be levied, collected, and paid annually as in this chapter provided:

- 12 1. a. For the first twenty-five thousand dollars of taxable income, at the rate of ~~two~~one
13 and ~~one-tenth~~sixty-eight hundredths percent.
- 14 b. On all taxable income exceeding twenty-five thousand dollars and not exceeding
15 fifty thousand dollars, at the rate of ~~five~~four and ~~twenty-five~~twenty-three
16 hundredths percent.
- 17 c. On all taxable income exceeding fifty thousand dollars, at the rate of ~~six~~five and
18 ~~four-tenths~~fifteen hundredths percent.
- 19 2. A corporation that has paid North Dakota alternative minimum tax in years beginning
20 before January 1, 1991, may carry over any alternative minimum tax credit remaining
21 to the extent of the regular income tax liability of the corporation for a period not to
22 exceed four taxable years.

23 **SECTION 7. AMENDMENT.** Subsection 1 of section 57-38-30.3 of the North Dakota
24 Century Code is amended and reenacted as follows:

- 25 1. A tax is hereby imposed for each taxable year upon income earned or received in that
26 taxable year by every resident and nonresident individual, estate, and trust. A taxpayer
27 computing the tax under this section is only eligible for those adjustments or credits
28 that are specifically provided for in this section. Provided, that for purposes of this
29 section, any person required to file a state income tax return under this chapter, but
30 who has not computed a federal taxable income figure, shall compute a federal
31 taxable income figure using a pro forma return in order to determine a federal taxable

1 income figure to be used as a starting point in computing state income tax under this
2 section. The tax for individuals is equal to North Dakota taxable income multiplied by
3 the rates in the applicable rate schedule in subdivisions a through d corresponding to
4 an individual's filing status used for federal income tax purposes. For an estate or
5 trust, the schedule in subdivision e must be used for purposes of this subsection.

6 a. Single, other than head of household or surviving spouse.

7 If North Dakota taxable income is:

The tax is equal to:

8 Not over ~~\$33,950~~\$34,500

~~1.84%~~1.51%

9 Over ~~\$33,950~~\$34,500

~~\$624.68~~\$520.95 plus ~~3.44%~~2.82%

10 but not over ~~\$82,250~~\$83,600

of amount over ~~\$33,950~~\$34,500

11 Over ~~\$82,250~~\$83,600

~~\$2,286.20~~\$1,950.57 plus

12 ~~3.81%~~3.13%

13 but not over ~~\$171,550~~\$174,400

of amount over ~~\$82,250~~\$83,600

14 Over ~~\$171,550~~\$174,400

~~\$5,688.53~~\$4,747.61 plus

15 ~~4.42%~~3.63%

16 but not over ~~\$372,950~~\$379,150

of amount over

17 ~~\$171,550~~\$174,400

18 Over ~~\$372,950~~\$379,150

~~\$14,590.41~~\$12,180.04 plus

19 ~~4.86%~~3.99%

20 of amount over

21 ~~\$372,950~~\$379,150

22 b. Married filing jointly and surviving spouse.

23 If North Dakota taxable income is:

The tax is equal to:

24 Not over ~~\$56,750~~\$57,700

~~1.84%~~1.51%

25 Over ~~\$56,750~~\$57,700

~~\$1,044.20~~\$871.27 plus ~~3.44%~~2.82%

26 but not over ~~\$137,050~~\$139,350

of amount over ~~\$56,750~~\$57,700

27 Over ~~\$137,050~~\$139,350

~~\$3,806.52~~\$3,173.80 plus

28 ~~3.81%~~3.13%

29 but not over ~~\$208,850~~\$212,300

of amount over

30 ~~\$137,050~~\$135,350

Sixty-second
Legislative Assembly

1	Over \$208,850 <u>\$212,300</u>	\$6,542.10 <u>\$5,457.14</u> plus
2	4.42% <u>3.63%</u>	
3	but not over \$372,950 <u>\$379,150</u>	of amount over
4	\$208,850 <u>\$212,300</u>	
5	Over \$372,950 <u>\$379,150</u>	\$13,795.32 <u>\$11,513.79</u> plus
6	4.86% <u>3.99%</u>	
7		of amount over
8	\$372,950 <u>\$379,150</u>	
9	c. Married filing separately.	
10	If North Dakota taxable income is:	The tax is equal to:
11	Not over \$28,375 <u>\$28,850</u>	1.84% <u>1.51%</u>
12	Over \$28,375 <u>\$28,850</u>	\$522.10 <u>\$424.10</u> plus 3.44% <u>2.82%</u>
13	but not over \$68,525 <u>\$69,675</u>	of amount over \$28,375 <u>\$28,850</u>
14	Over \$68,525 <u>\$69,675</u>	\$1,903.26 <u>\$1,586.90</u> plus
15	3.81% <u>3.13%</u>	
16	but not over \$104,425 <u>\$106,150</u>	of amount over \$68,525 <u>\$69,675</u>
17	Over \$104,425 <u>\$106,150</u>	\$3,271.05 <u>\$2,728.57</u> plus
18	4.42% <u>3.63%</u>	
19	but not over \$186,475 <u>\$189,575</u>	of amount over
20	\$104,425 <u>\$106,150</u>	
21	Over \$186,475 <u>\$189,575</u>	\$6,897.66 <u>\$5,756.90</u> plus
22	4.86% <u>3.99%</u>	
23		of amount over
24	\$186,475 <u>\$189,575</u>	
25	d. Head of household.	
26	If North Dakota taxable income is:	The tax is equal to:
27	Not over \$45,500 <u>\$46,250</u>	1.84% <u>1.51%</u>
28	Over \$45,500 <u>\$46,250</u>	\$837.20 <u>\$698.38</u> plus 3.44% <u>2.82%</u>
29	but not over \$117,450 <u>\$119,400</u>	of amount over \$45,500 <u>\$46,250</u>
30	Over \$117,450 <u>\$119,400</u>	\$3,312.28 <u>\$2,761.21</u> plus
31	3.81% <u>3.13%</u>	

1		but not over \$190,200 <u>\$193,350</u>	of amount over
2	\$117,450 <u>\$119,400</u>		
3		Over \$190,200 <u>\$193,350</u>	\$6,084.06 <u>\$5,075.84</u> plus
4	4.42% <u>3.63%</u>		
5		but not over \$372,950 <u>\$379,150</u>	of amount over
6	\$190,200 <u>\$193,350</u>		
7		Over \$372,950 <u>\$379,150</u>	\$14,161.64 <u>\$11,820.38</u> plus
8	4.86% <u>3.99%</u>		
9			of amount over
10	\$372,950 <u>\$379,150</u>		
11	e.	Estates and trusts.	
12		If North Dakota taxable income is:	The tax is equal to:
13		Not over \$2,300	1.84% <u>1.51%</u>
14		Over \$2,300	\$42.32 <u>\$34.73</u> plus 3.44% <u>2.82%</u>
15		but not over \$5,350 <u>\$5,450</u>	of amount over \$2,300
16		Over \$5,350 <u>\$5,450</u>	\$147.24 <u>\$123.56</u> plus 3.81% <u>3.13%</u>
17		but not over \$8,200 <u>\$8,300</u>	of amount over \$5,350 <u>\$5,450</u>
18		Over \$8,200 <u>\$8,300</u>	\$255.83 <u>\$212.77</u> plus 4.42% <u>3.63%</u>
19		but not over \$11,150 <u>\$11,350</u>	of amount over \$8,200 <u>\$8,300</u>
20		Over \$11,150 <u>\$11,350</u>	\$386.22 <u>\$323.48</u> plus 4.86% <u>3.99%</u>
21			of amount over \$11,150 <u>\$11,350</u>
22	f.	For an individual who is not a resident of this state for the entire year, or for a	
23		nonresident estate or trust, the tax is equal to the tax otherwise computed under	
24		this subsection multiplied by a fraction in which:	
25	(1)	The numerator is the federal adjusted gross income allocable and	
26		apportionable to this state; and	
27	(2)	The denominator is the federal adjusted gross income from all sources	
28		reduced by the net income from the amounts specified in subdivisions a and	
29		b of subsection 2.	
30		In the case of married individuals filing a joint return, if one spouse is a resident	
31		of this state for the entire year and the other spouse is a nonresident for part or	

1 all of the tax year, the tax on the joint return must be computed under this
2 subdivision.

3 g. ~~For taxable years beginning after December 31, 2009, the~~The tax commissioner
4 shall prescribe new rate schedules that apply in lieu of the schedules set forth in
5 subdivisions a through e. The new schedules must be determined by increasing
6 the minimum and maximum dollar amounts for each income bracket for which a
7 tax is imposed by the cost-of-living adjustment for the taxable year as determined
8 by the secretary of the United States treasury for purposes of section 1(f) of the
9 United States Internal Revenue Code of 1954, as amended. For this purpose, the
10 rate applicable to each income bracket may not be changed, and the manner of
11 applying the cost-of-living adjustment must be the same as that used for
12 adjusting the income brackets for federal income tax purposes.

13 h. The tax commissioner shall prescribe an optional simplified method of computing
14 tax under this section that may be used by an individual taxpayer who is not
15 entitled to claim an adjustment under subsection 2 or credit against income tax
16 liability under subsection 7.

17 **SECTION 8. AMENDMENT.** Section 57-64-01 of the North Dakota Century Code is
18 amended and reenacted as follows:

19 **57-64-01. Definitions.**

20 For purposes of this chapter:

- 21 1. "Combined education mill rate" means the combined number of mills levied by a
22 school district for the general fund, high school tuition, and high school transportation.
- 23 2. "Qualifying school district" means a school district that meets the conditions and
24 requirements of this chapter to receive a mill levy reduction grant.
- 25 3. ~~"Weighted student unit" means weighted student unit as determined for the school-~~
26 ~~district under chapter 15.1-27.~~

27 **SECTION 9. AMENDMENT.** Section 57-64-02 of the North Dakota Century Code is
28 amended and reenacted as follows:

1 **57-64-02. Mill levy reduction allocation and grant.**

2 Each qualifying school district in the state is entitled to a mill levy reduction allocation and
3 grant as provided in this chapter, subject to legislative appropriation to the superintendent of
4 public instruction.

5 1. The mill levy reduction allocation rate for each qualifying school district is equal to the
6 payments to the school district based on the per student payment rate as determined
7 for the school year under chapter 15.1-27.

8 2. The grant to a qualifying school district may not exceed the smallest of:

9 a. The allocation determined under subsection 1;

10 b. The taxable valuation of property in the school district in the previous taxable
11 year times the number of mills determined by subtracting one hundred mills from
12 the ~~previous year~~ combined education mill rate of the school district ~~for taxable~~
13 ~~year 2008~~ ~~plus the previous year number of mills of property tax relief under this~~
14 ~~chapter~~; or

15 c. The taxable valuation of property in the school district in the previous taxable
16 year times seventy-five mills.

17 3. ~~The grant to a qualifying school district may not be less than the grant to that school~~
18 ~~district in the preceding school year.~~

19 4. ~~The grant to a qualifying school district may not exceed the grant to that school district~~
20 ~~in the preceding school year by a percentage that is more than the percentage~~
21 ~~increase in statewide taxable valuation which was determined for the previous taxable~~
22 ~~year.~~

23 5. ~~For purposes of this section, "taxable valuation" means the valuation to which the mill~~
24 ~~rate is applied to determine the amount of ad valorem taxes or payments in lieu of~~
25 ~~taxes, and includes taxable valuation determined for agricultural, residential, and~~
26 ~~commercial property; gas company property, pipeline property, power company~~
27 ~~property, and railroad property assessed by the state board of equalization under~~
28 ~~chapter 57-06; mobile homes under chapter 57-55; land controlled by the game and~~
29 ~~fish department subject to valuation under chapter 57-02.1; land owned by the board~~
30 ~~of university and school lands or the state treasurer subject to valuation under chapter~~
31 ~~57-02.3; national guard land subject to valuation under chapter 37-07.3; farmland or~~

1 ranchland owned by nonprofit organizations for conservation purposes subject to
2 valuation under section 10-06.1-10; land acquired by the state water commission for
3 the Devils Lake project subject to valuation under chapter 61-02; a workforce safety
4 and insurance building and associated real property subject to valuation under section
5 65-02-32; and carbon dioxide pipeline property subject to valuation under section
6 57-06-17.2. For purposes of this section, "taxable valuation" includes the taxable
7 valuation of the homestead credit reimbursed by the state under section 57-02-08.2
8 and the disabled veterans' credit reimbursed by the state under section 57-02-08.8.

9 ~~4.6.~~ The superintendent of public instruction shall report to each qualifying school district
10 by July fifteenth of each year the mill levy reduction grant in dollars available to that
11 school district during the upcoming school year.

12 ~~5.7.~~ By December first, January first, February first, and March first of each school year,
13 the superintendent of public instruction shall forward to each qualifying school district
14 installments equal to twenty-five percent of the total mill levy reduction grant the
15 district is eligible to receive during that school year.

16 ~~6.8.~~ Allocations to a school district under this chapter are not considered per student
17 payments or state aid for purposes of chapter 15.1-27.

18 ~~7.9.~~ For all purposes under law relating to allocation of funds among political subdivisions
19 based on property tax levies, property taxes levied by a school district are the amount
20 that would have been levied without the mill reduction grant provided to the school
21 district under this chapter.

22 **SECTION 10. AMENDMENT.** Section 57-64-03 of the North Dakota Century Code is
23 amended and reenacted as follows:

24 **57-64-03. School district levy compliance.**

- 25 1. To be eligible to receive a grant under this chapter, a qualifying school district must
26 establish a spending level that does not result in a general fund mill rate exceeding
27 one hundred ten mills. The certificate of levy form filed with the county auditor by a
28 qualifying school district must reflect the revenue to be received by the school district
29 under this chapter and that the general fund mill rate for the school district will not
30 exceed one hundred ten mills unless:

- 1 a. The district has approval of a majority of the electors of the school district for a
2 higher levy;
- 3 b. The higher levy is the result of a school district reorganization in compliance with
4 chapter 15.1-12; or
- 5 c. The higher levy does not produce an amount in dollars exceeding the amount
6 allowed under section 57-15-01.1 ~~for taxable year 2008~~ reduced by the amount
7 of the school district's mill levy reduction grant under section 57-64-02 for the
8 budget year; or
- 9 d. The district has authority for a higher levy under subdivision b of subsection 2.
- 10 2. The authority under subdivision a or b of subsection 1 for a school district to levy a
11 general fund mill rate exceeding one hundred ten mills applies for not more than ten
12 taxable years at a time after taxable year 2008 unless a majority of the electors of the
13 school district approve an extension of that authority. Approval by electors of extension
14 of levy authority under subdivision a or b of subsection 1 is effective for not more than
15 ten taxable years at a time. A ballot measure for approval by electors of extension of
16 levy authority under subdivision a or b of subsection 1 is subject to the following:
- 17 a. The ballot measure must specify the number of mills for the general fund mill rate
18 for which approval is sought.
- 19 b. If a ballot measure for approval of extension of levy authority ~~to levy a specific~~
20 ~~number of mills~~under this subsection is not approved by a majority of the electors
21 of the school district voting on the question, the school district general fund levy
22 limitation for subsequent years is subject to the limitations as determined for the
23 school district's budget year under section 57-15-01.1 or 57-15-14, whichever
24 produces the higher levy limitation.

25 **SECTION 11. AMENDMENT.** Section 57-64-04 of the North Dakota Century Code is
26 amended and reenacted as follows:

27 **57-64-04. Levy reduction priority.**

28 In setting mill rates for qualified school districts, the county auditor shall apply funds
29 allocated to a school district under this chapter for mill levy reduction first to reduce the number
30 of mills levied for general fund purposes and, if allocation funds remain after the general fund
31 mill rate is reduced to zero, the balance must be applied to reduce the high school tuition levy

1 and, if allocation funds remain after the high school tuition levy mill rate is reduced to zero, then
2 to reduce the high school transportation levy of the qualified school district.

3 **SECTION 12. REPEAL.** Chapter 57-16 of the North Dakota Century Code is repealed.

4 **SECTION 13. APPROPRIATION.** There is appropriated out of any moneys in the general
5 fund in the state treasury, not otherwise appropriated, the sum of \$341,790,000, or so much of
6 the sum as may be necessary, to the superintendent of public instruction for the purpose of
7 allocation of mill levy reduction grants to school districts under chapter 57-64, for the biennium
8 beginning July 1, 2011, and ending June 30, 2013.

9 **SECTION 14. TRANSFER - PROPERTY TAX RELIEF SUSTAINABILITY FUND -**

10 **GENERAL FUND.** The office of management and budget shall transfer the sum of
11 \$295,000,000 from the property tax relief sustainability fund to the general fund on July 1, 2011.

12 ~~—SECTION 15. TRANSFER -- PERMANENT OIL TAX TRUST FUND -- GENERAL FUND--~~

13 ~~The office of management and budget shall transfer the sum of \$46,790,000 from the~~
14 ~~permanent oil tax trust fund to the general fund on July 1, 2011.~~

15 ~~—SECTION 16. TRANSFER -- PERMANENT OIL TAX TRUST FUND -- PROPERTY TAX~~

16 ~~RELIEF SUSTAINABILITY FUND.~~ The office of management and budget shall transfer the sum
17 ~~of \$341,790,000 from the permanent oil tax trust fund to the property tax relief sustainability~~
18 ~~fund on July 1, 2012.~~

19 **SECTION 15. AMENDMENT.** Section 13 of chapter 520 of the 2007 Session Laws is
20 amended and reenacted as follows:

21 **SECTION 13. LEGISLATIVE ~~COUNCIL~~MANAGEMENT STUDY.** The
22 legislative ~~council~~management shall study in each interim through 2012 the feasibility
23 and desirability of property tax reform and providing property tax relief to taxpayers of
24 the state, with the goal of reduction of each taxpayer's annual property tax bill to an
25 amount that is not more than one and one-half percent of the true and full value of
26 property, and including examination of the proper measure of education funding from
27 local taxation and state resources and the variability of funding resources among
28 taxing districts and examination of improved collection and reporting of property tax
29 information to identify residency of property owners with minimized administrative
30 difficulty. The legislative management shall consider the sustainability of state-funded
31 property tax relief in view of the compounding effect of ongoing property taxable

1 | valuation increases. The legislative ~~council~~management shall report its findings and
2 | recommendations, together with any legislation necessary to implement the
3 | recommendations, to the legislative assembly subsequent to each interim.

4 | **SECTION 16. LEGISLATIVE MANAGEMENT STUDY - FINANCIAL INSTITUTIONS AND**
5 | **CORPORATE INCOME TAXATION.** During the 2011-12 interim, the legislative management
6 | shall consider studying the feasibility and desirability of revision of the financial institutions
7 | taxes, including the feasibility of taxing financial institutions under the state corporate income
8 | tax laws. The study under this section must include consideration of corporate income taxes,
9 | including corporate income apportionment factors and potential impact of federal legislation on
10 | state corporate income taxes. The legislative management shall report its findings and
11 | recommendations, together with any legislation required to implement the recommendations, to
12 | the sixty-third legislative assembly.

13 | **SECTION 17. EFFECTIVE DATE.** ~~Section 4~~Sections 1 through 7 of this Act ~~is~~are effective
14 | for taxable years beginning after December 31, 2010. The remainder of this Act is effective
15 | July 1, 2011.