

**FIRST ENGROSSMENT  
with Conference Committee Amendments  
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 a transfer; to provide for legislative management  
10 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 ~~sevensix 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

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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 <del>\$33,950</del> <u>\$34,500</u>	1.84% <u>1.51%</u>
9	Over <del>\$33,950</del> <u>\$34,500</u>	<del>\$624.68</del> <u>\$520.95</u> plus 3.44% <u>2.82%</u>
10	but not over <del>\$82,250</del> <u>\$83,600</u>	of amount over <del>\$33,950</del> <u>\$34,500</u>
11	Over <del>\$82,250</del> <u>\$83,600</u>	<del>\$2,286.20</del> <u>\$1,950.57</u> plus
12	<del>3.81%</del> <u>3.13%</u>	
13	but not over <del>\$171,550</del> <u>\$174,400</u>	of amount over <del>\$82,250</del> <u>\$83,600</u>
14	Over <del>\$171,550</del> <u>\$174,400</u>	<del>\$5,688.53</del> <u>\$4,747.61</u> plus
15	<del>4.42%</del> <u>3.63%</u>	
16	but not over <del>\$372,950</del> <u>\$379,150</u>	of amount over
17	<del>\$171,550</del> <u>\$174,400</u>	
18	Over <del>\$372,950</del> <u>\$379,150</u>	<del>\$14,590.41</del> <u>\$12,180.04</u> plus
19	<del>4.86%</del> <u>3.99%</u>	
20		of amount over
21	<del>\$372,950</del> <u>\$379,150</u>	

22 b. Married filing jointly and surviving spouse.

23	If North Dakota taxable income is:	The tax is equal to:
24	Not over <del>\$56,750</del> <u>\$57,700</u>	1.84% <u>1.51%</u>
25	Over <del>\$56,750</del> <u>\$57,700</u>	<del>\$1,044.20</del> <u>\$871.27</u> plus 3.44% <u>2.82%</u>
26	but not over <del>\$137,050</del> <u>\$139,350</u>	of amount over <del>\$56,750</del> <u>\$57,700</u>
27	Over <del>\$137,050</del> <u>\$139,350</u>	<del>\$3,806.52</del> <u>\$3,173.80</u> plus
28	<del>3.81%</del> <u>3.13%</u>	
29	but not over <del>\$208,850</del> <u>\$212,300</u>	of amount over
30	<del>\$137,050</del> <u>\$139,350</u>	

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



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 combined education mill rate of the school district for taxable year 2008; or

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

15           3. The grant to a qualifying school district may not be less than the grant to that school  
16 district in the preceding school year.

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

21           5. For purposes of this section, "taxable valuation" means the valuation to which the mill  
22 rate is applied to determine the amount of ad valorem taxes or payments in lieu of  
23 taxes, and includes taxable valuation determined for agricultural, residential, and  
24 commercial property; gas company property, pipeline property, power company  
25 property, and railroad property assessed by the state board of equalization under  
26 chapter 57-06; mobile homes under chapter 57-55; land controlled by the game and  
27 fish department subject to valuation under chapter 57-02.1; land owned by the board  
28 of university and school lands or the state treasurer subject to valuation under chapter  
29 57-02.3; national guard land subject to valuation under chapter 37-07.3; farmland or  
30 ranchland owned by nonprofit organizations for conservation purposes subject to  
31 valuation under section 10-06.1-10; land acquired by the state water commission for

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

7    ~~4.6.~~ The superintendent of public instruction shall report to each qualifying school district  
8           by July fifteenth of each year the mill levy reduction grant in dollars available to that  
9           school district during the upcoming school year.

10   ~~5.7.~~ By December first, January first, February first, and March first of each school year,  
11           the superintendent of public instruction shall forward to each qualifying school district  
12           installments equal to twenty-five percent of the total mill levy reduction grant the  
13           district is eligible to receive during that school year.

14   ~~6.8.~~ Allocations to a school district under this chapter are not considered per student  
15           payments or state aid for purposes of chapter 15.1-27.

16   ~~7.9.~~ For all purposes under law relating to allocation of funds among political subdivisions  
17           based on property tax levies, property taxes levied by a school district are the amount  
18           that would have been levied without the mill reduction grant provided to the school  
19           district under this chapter.

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

22           **57-64-03. School district levy compliance.**

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

29           a. The district has approval of a majority of the electors of the school district for a  
30           higher levy;

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

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

25        **57-64-04. Levy reduction priority.**

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

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

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

7       **SECTION 14. TRANSFER - PROPERTY TAX RELIEF SUSTAINABILITY FUND -**  
8 **GENERAL FUND.** The office of management and budget shall transfer the sum of  
9 \$295,000,000 from the property tax relief sustainability fund to the general fund on July 1, 2011.

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

12               **SECTION 13. LEGISLATIVE COUNCIL~~MANAGEMENT~~ STUDY.** The  
13 legislative ~~council~~management shall study in each interim through 2012 the feasibility  
14 and desirability of property tax reform and providing property tax relief to taxpayers of  
15 the state, with the goal of reduction of each taxpayer's annual property tax bill to an  
16 amount that is not more than one and one-half percent of the true and full value of  
17 property, and including examination of the proper measure of education funding from  
18 local taxation and state resources and the variability of funding resources among  
19 taxing districts and examination of improved collection and reporting of property tax  
20 information to identify residency of property owners with minimized administrative  
21 difficulty. The legislative management shall consider the sustainability of state-funded  
22 property tax relief in view of the compounding effect of ongoing property taxable  
23 valuation increases. The legislative ~~council~~management shall report its findings and  
24 recommendations, together with any legislation necessary to implement the  
25 recommendations, to the legislative assembly subsequent to each interim.

26       **SECTION 16. LEGISLATIVE MANAGEMENT STUDY - FINANCIAL INSTITUTIONS AND**  
27 **CORPORATE INCOME TAXATION.** During the 2011-12 interim, the legislative management  
28 shall consider studying the feasibility and desirability of revision of the financial institutions  
29 taxes, including the feasibility of taxing financial institutions under the state corporate income  
30 tax laws. The study under this section must include consideration of corporate income taxes,  
31 including corporate income apportionment factors and potential impact of federal legislation on

1 state corporate income taxes. The legislative management shall report its findings and  
2 recommendations, together with any legislation required to implement the recommendations, to  
3 the sixty-third legislative assembly.

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