

SENATE BILL NO. 2137

Introduced by

Senators Lyson, Poolman

Representatives Hatlestad, Schatz, Sukut

1 A BILL for an Act to create and enact section 40-05.1-06.2 of the North Dakota Century Code,
2 relating to city sales tax revenue transfer to a school district for bonded indebtedness; to amend
3 and reenact section 40-05.1-06.1 of the North Dakota Century Code, relating to authorization of
4 city sales tax imposition for payment of school district bonds for school building construction; to
5 provide an effective date; and to provide an expiration date.

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

7 **SECTION 1. AMENDMENT.** Section 40-05.1-06.1 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **40-05.1-06.1. Sales tax revenue transfer to school districts prohibited.**

10 Notwithstanding the provisions of chapters 54-40 and 54-40.3 or any other provision of law,
11 revenue from sales, use, or other excise taxes levied under this chapter may not be transferred
12 to or for the primary benefit of a school district except for payment of bonded indebtedness
13 incurred before April 19, 2007, ~~or~~ for capital construction and associated costs approved by the
14 electors of the city before April 19, 2007, or for payment of school district bonded indebtedness
15 approved by the electors of the city under section 40-05.1-06.2 after June 30, 2013, and before
16 July 1, 2017.

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 Upon presentation to the city governing body of a resolution adopted by the school board of
21 a school district containing seventy-five percent or more of the territory within the city, the city
22 governing body shall place on the ballot at a regular or special city election the question of
23 approval of imposition of an additional city sales, use, farm machinery gross receipts, and

1 alcoholic beverage gross receipts tax at a rate not exceeding one percent for principal and
2 interest payments on school district bonds for school building projects.

3 Upon approval by sixty percent or more of the qualified electors of the city voting on the
4 question, the city governing body shall impose a city sales tax at the rate approved by the
5 electors. Proceeds from the tax imposed must be deposited in a special fund of the city and
6 transferred to the school district at the times and in the amounts required for principal and
7 interest payments on bonds issued for purposes of this section. Any funds in the city special
8 fund at the end of a fiscal year which are unused and unobligated for principal and interest
9 payments on bonds issued for purposes of this section may be transferred to the city general
10 fund. Any tax imposed under this section remains effective until bonds issued under the funding
11 authority of this section have been retired. Any shortfall in funding after application of revenue
12 from the tax imposed for principal and interest payments on bonds issued for purposes of this
13 section is the responsibility of the school district and not the city.

14 **SECTION 3. EFFECTIVE DATE - EXPIRATION DATE.** This Act becomes effective July 1,
15 2013. Section 2 of this Act is effective through June 30, 2017, and is thereafter ineffective.