

Property taxes play an important role in transportation finance in North Dakota. They are primarily used to fund local road improvements that otherwise could not be built with the revenue streams passed down by the state (primarily motor vehicle taxes). Road maintenance efforts are typically funded out of local general revenues.

An ongoing policy issue in North Dakota surrounding local option taxes has been their inflexibility in light of changing needs. Local governments are constrained to use voter-approved tax revenues in accordance with voter-approved expenditure plans. However, escalating construction costs have stretched out the implementation of these expenditure plans for many years, and local governments have been unable to adapt their expenditure plans to reflect demographic changes, such as rural-to-urban migration. Local governments have called for more control over how these revenues are used.<sup>1</sup>

## 1. Fuel and Vehicle Taxes

North Dakota law permits local gas and vehicle registration taxes,<sup>2</sup> but none have been adopted.

## 2. Property Taxes and Assessments

Property taxes may be assessed for any purpose by counties (up to 23 mills), and cities and townships (up to 18 mills) by ordinance; exceeding these limits requires voter approval. Funds for highway-related investments by counties and townships are channeled into any of five different funding pools (county road and bridge, county farm-to-market, county road, unorganized road and bridge, and town farm-to-market), which serve similar purposes but feature differing sets of constraints. Of these various taxes, the dominant one is the county farm-to-market road tax. It is used to fund a specific set of voter-approved road improvements, such as grading and paving key arterials.

In 1998, every county levied property taxes that funded least one of these funding categories. Statewide, revenues from these taxes totaled \$20.4 million (\$32 per capita).<sup>3</sup>

With voter approval, cities may levy property taxes to subsidize public transit operations.<sup>4</sup> Currently, cities in four counties impose these taxes, raising a total of \$576,000 statewide for transit (about \$1 per capita).<sup>5</sup> The largest agencies using these taxes are Bis-Man Transit and the Grand Forks City Bus.

## 3. Sales and Other Taxes

Home rule counties and cities may levy sales taxes, if so permitted in their charters.<sup>6</sup> State law places no limitations on the use of the revenues. Cass County, the only county to adopt this tax, does not use its revenue for transportation purposes. Seventy-eight cities have adopted the tax, with rates ranging from one to two percent. Most cities use their revenues for general infrastructure costs and/or economic development. Some (including Bismarck and Minot) specifically earmark funds for streets and roads. No centralized information is available on which areas have dedicated their sales tax revenues transportation-related purposes.

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<sup>1</sup> North Dakota Association of Counties, "Highway Construction and Funding," Resolution 2000-02.

<sup>2</sup> North Dakota Century Code, § 11-09.1-05.

<sup>3</sup> Office of the State Tax Commissioner, "1998 Property Tax Statistical Report," Bismarck ND (1999).

<sup>4</sup> North Dakota Century Code, § 57-15-55.

<sup>5</sup> Office of the State Tax Commissioner, "1998 Property Tax Statistical Report," Bismarck ND (1999).

<sup>6</sup> North Dakota Century Code, §§ 11-09.1-05 and 40-05.1-06.

## NORTH DAKOTA

### Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Permitted Rates	Purposes	Adoption Process
<b>Fuel, Vehicle</b>	NDCC 11-09.1-05	Motor fuel taxes, motor vehicle registration fees	Home Rule Counties	Any	Highway construction and maintenance (ND Const, Art. X, Sec. 11)	B
<b>Sales</b>	NDCC 11-09.1-05 NDCC 40-05.1-06	County Sales Tax City Sales Tax	Home Rule Counties Home Rule Cities	- -	Any Any	B B
<b>Property</b>	NDCC 11-11-55.1		Unincorporated Areas of Counties	Special Assessments	Improvements	C (60%)
	NDCC 24-05-01 NDCC 57-15-06.7(14)	County Road & Bridge Fund Levy	Counties > 2000 pop	*	Improvements to primary county highways	B
	NDCC 24-05-01 NDCC 57-15-06.7(14)	County Road Fund Levy	Counties > 2000 pop	Up to 5 mills	Improvements to primary county highways	C (60%)
	NDCC 57-15-22	Unorganized Road & Bridge Fund Levy	Unorganized townships/municipalities	Up to 18 mills	Roads and bridges	B
	NDCC 57-15-06.3(1) NDCC 57-15-06.7(17)	Farm to Market Road Fund Levy	Counties	Specified on ballot	Improvements to feeder and secondary roads***	C
	NDCC 57-15-19.4 NDCC 57-15-20.2(3)	Farm to Market Road Fund Levy	Townships/municipalities	**	Improvements to feeder and secondary roads	B
	NDCC 57-15-19.4 NDCC 57-15-20.2(3)	Farm to Market Road Fund Levy	Townships/municipalities	Up to 5 mills	Improvements to feeder and secondary roads	C
	NDCC 49-17.2-21 NDCC 57-15-28.1	Railroad Fund Levy	Regional Railroad Authorities	Up to 4 mills	Railroads	B
	NDCC 40-29-14	Sidewalk Special Fund Levy	Cities	-	Sidewalks	B
	NDCC 57-15-55	Aid for Public Transportation Systems Levy	Cities	Up to 5 mills	Transit services	C
	NDCC 40-60-02(2) NDCC 40-61-03.1; -10	Aid for Municipal Parking Facilities Levy	Municipal Parking Authorities	-	Parking	B

\*State requires 0.25 mill minimum; counties may adopt any rate within 23 mill county limit

\*\*Townships may adopt any rate within 18 mill township limit

\*\*\*Projects must be specified in advance

A = State Law  
B = County/Local Law  
C = Popular Vote

**NORTH DAKOTA**  
**Adopted County Taxes for Transportation**

Jurisdictions	Pop. (1998)	Property Taxes									Total		
		County Road & Bridge		County Farm-Market Roads		County Road		Unorg. Road & Bridge *		Town Farm-Market	City Transit	1998 Revs (\$1000)	Revs per capita
		Rate %	1998 Revs (\$1000)	Rate %	1998 Revs (\$1000)	Rate %	1998 Revs (\$1000)	Rate %	1998 Revs (\$1000)	1998 Revs (\$1000)	1999 Revs (\$1000)		
ADAMS	2,707	0.03%	1.6	1.65%	105.4			2.74%	45.5			152.5	\$56.32
BARNES	11,960	0.03%	6.1	2.46%	598.9					1.9		606.9	\$50.74
BENSON	6,851	0.50%	56.0	0.74%	250.0			1.05%	1.3			307.3	\$44.86
BILLINGS	1,068							3.23%	153.2			153.2	\$143.40
BOTTINEAU	7,300	0.46%	84.0	1.00%	183.7	0.79%	144.6			21.8		434.0	\$59.46
BOWMAN	3,303	0.50%	38.1					1.44%	15.0			53.1	\$16.08
BURKE	2,269	0.03%	2.0	1.06%	85.9			1.80%	1.1			89.0	\$39.24
BURLEIGH	66,906	0.03%	27.2					1.95%	138.8		171.9	337.9	\$5.05
CASS	116,888	0.03%	52.9	1.00%	2,117.9							2,170.9	\$18.57
CAVALIER	5,025	0.68%	126.1	1.35%	250.0	0.46%	85.0					461.2	\$91.78
DICKEY	5,653			1.70%	214.2							214.2	\$37.89
DIVIDE	2,368	0.59%	50.8	0.96%	82.0							132.7	\$56.05
DUNN	3,551	0.27%	27.3	1.00%	101.0			3.29%	315.6			444.0	\$125.03
EDDY	2,850	0.51%	27.6	1.88%	102.0							129.6	\$45.47
EMMONS	4,330	0.78%	90.0	1.09%	125.0	0.02%	2.5	3.44%	304.1			521.7	\$120.48
FOSTER	3,808	0.30%	27.2	1.11%	100.2							127.4	\$33.47
GOLDEN VALLEY	1,849	0.06%	2.6					3.15%	15.6			18.2	\$9.85
GRAND FORKS	66,781	0.03%	25.3	1.01%	1,020.8						338.9	1,384.9	\$20.74
GRANT	2,960			0.79%	58.4			2.57%	124.4			182.8	\$61.75
GRIGGS	2,846	0.87%	68.9	1.68%	132.3	0.50%	39.5					240.7	\$84.57
HETTINGER	2,906	0.03%	2.5	1.58%	115.9							118.4	\$40.75
KIDDER	2,882	0.73%	57.6			0.50%	39.8	1.80%	2.5			99.9	\$34.68
LA MOURE	4,775	0.79%	108.5	1.89%	258.8							367.3	\$76.91
LOGAN	2,349			0.95%	58.3			2.24%	74.4			132.7	\$56.48
MCHENRY	6,071	0.03%	3.6	1.33%	192.9	0.31%	44.5	2.01%	33.5			274.6	\$45.22
MCINTOSH	3,458	0.18%	14.9	1.53%	127.0			1.94%	121.3			263.2	\$76.12
MCKENZIE	5,683							1.84%	195.7			195.7	\$34.44
MCLEAN	9,712	0.02%	5.0	0.47%	99.6			1.33%	116.5			221.1	\$22.77
MERCER	9,399			1.50%	210.6			2.03%	177.6		11.0	399.2	\$42.47
MORTON	24,607	0.03%	10.7	0.79%	339.9			3.21%	829.3		54.2	1,234.1	\$50.15
MOUNTRAIL	6,593	0.03%	3.2	1.00%	129.4			2.17%	6.6			139.2	\$21.12
NELSON	3,725	0.78%	79.3	1.03%	105.5	0.82%	83.5					268.3	\$72.02
OLIVER	2,202	0.03%	1.1	1.01%	45.3			1.80%	76.4			122.9	\$55.79
PEMBINA	8,483	0.10%	25.6	1.00%	256.4					12.6		294.6	\$34.73
PIERCE	4,646	0.25%	26.4	1.21%	128.1			2.10%	69.7			224.1	\$48.24
RAMSEY	12,109	0.30%	131.1	1.15%	498.7							629.8	\$52.01
RANSOM	5,781	0.56%	69.8	1.23%	153.2							222.9	\$38.56
RENVILLE	2,814	0.11%	10.0	1.52%	133.5							143.5	\$50.98
RICHLAND	18,096	0.70%	254.9	1.77%	644.1							898.9	\$49.67
ROLETTE	14,148	0.04%	2.9	1.05%	176.5			2.27%	123.7			303.2	\$21.43
SARGENT	4,445	1.00%	115.6	1.50%	174.5							290.1	\$65.26
SHERIDAN	1,692	0.20%	11.1	1.20%	66.4			2.26%	45.3			122.7	\$72.50
SIOUX	4,148					0.03%	0.5	3.53%	60.7			61.2	\$14.75
SLOPE	880							1.80%	10.4			10.4	\$11.78
STARK	22,707	0.30%	84.3	1.00%	280.9			3.79%	395.7			760.8	\$33.51
STEELE	2,228	1.22%	110.1	1.20%	108.0	0.59%	53.0					271.2	\$121.71
STUTSMAN	20,981	1.44%	1,128.7	0.79%	309.5			1.99%	5.7			1,443.9	\$68.82
TOWNER	3,013	1.40%	140.0	1.00%	103.1							243.1	\$80.68
TRAILL	8,538	1.52%	306.3	2.00%	403.6	0.42%	83.8					793.7	\$92.96
WALSH	13,557	0.68%	185.5	1.50%	410.0	0.55%	150.5					745.9	\$55.02
WARD	58,540	0.03%	21.6	0.58%	499.7							521.3	\$8.91
WELLS	5,208	1.47%	204.2	0.61%	84.7							288.9	\$55.48
WILLIAMS	20,159	0.76%	243.9	1.49%	476.0			1.63%	6.6	6.5		733.1	\$36.36
<b>TOTAL</b>	<b>637,808</b>		<b>4,072.4</b>		<b>12,117.6</b>		<b>727.4</b>		<b>3,466.0</b>	<b>42.8</b>	<b>575.9</b>	<b>21,002.0</b>	<b>\$32.93</b>