

Sixty-first
Legislative Assembly
of North Dakota

Introduced by

1 A BILL for an Act to create and enact two new subdivisions to subsection 3 of section
2 57-15-01.1 and chapter 57-64 of the North Dakota Century Code, relating to allocation of state
3 funds to school districts for mill levy reduction grants; to amend and reenact subdivision a of
4 subsection 2 of section 57-15-01.1 and section 57-15-31 of the North Dakota Century Code,
5 relating to property tax levies of school districts; and to provide an effective date.

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

7 **SECTION 1. AMENDMENT.** Subdivision a of subsection 2 Section 57-15-01.1 of the
8 North Dakota Century Code is amended and reenacted as follows:

- 9 a. "Base year", for a taxing district other than a school district, means the taxing
10 district's taxable year with the highest amount levied in dollars in property
11 taxes of the three taxable years immediately preceding the budget year. For
12 a school district, "base year" means the taxable year immediately preceding
13 the budget year. For a park district general fund, the "amount levied in dollars
14 in property taxes" is the sum of amounts levied in dollars in property taxes for
15 the general fund under section 57-15-12 including any additional levy
16 approved by the electors, the insurance reserve fund under section
17 32-12.1-08, the employee health care program under section 40-49-12, the
18 public recreation system under section 40-55-09 including any additional levy
19 approved by the electors, forestry purposes under section 57-15-12.1 except
20 any additional levy approved by the electors, pest control under section
21 4-33-11, and handicapped person programs and activities under section
22 57-15-60;

23 **SECTION 2.** Two new subdivisions to subsection 3 of section 57-15-01.1 of the North
24 Dakota Century Code are created and enacted as follows:

1 Increased, for a school district determining its levy limitation under this
2 section, by the amount the school district's mill levy reduction grant under
3 section 57-64-02 for the base year exceeds the amount of the school district's
4 mill levy reduction grant under section 57-64-02 for the budget year.

5 Reduced for a school district determining its levy limitation under this section,
6 by the amount the school district's mill levy reduction grant under section
7 57-64-02 for the budget year exceeds the amount of the school district's mill
8 levy reduction grant under section 57-64-02 for the base year.

9 **SECTION 3. AMENDMENT.** Section 57-15-31 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **57-15-31. Determination of levy.** The amount to be levied by any county, city,
12 township, school district, park district, or other municipality authorized to levy taxes shall be
13 computed by deducting from the amount of estimated expenditures for the current fiscal year as
14 finally determined, plus the required reserve fund determined upon by the governing board from
15 the past experience of the taxing district, the total of the following items:

- 16 1. The available surplus consisting of the free and unencumbered cash balance.
- 17 2. Estimated revenues from sources other than direct property taxes.
- 18 3. The total estimated collections from tax levies for previous years.
- 19 4. Such expenditures as are to be made from bond sources.
- 20 5. The amount of distributions received from an economic growth increment pool
21 under section 57-15-61.
- 22 6. The estimated amount to be received from payments in lieu of taxes on a project
23 under section 40-57.1-03.
- 24 7. The amount reported to a school district by the superintendent of public instruction
25 as the school district's mill levy reduction grant for the year under section 57-64-02.

26 Allowance may be made for a permanent delinquency or loss in tax collection not to exceed five
27 percent of the amount of the levy.

28 **SECTION 4.** Chapter 57-64 of the North Dakota Century Code is created and enacted
29 as follows:

30 **57-64-01. Definitions.** For purposes of this chapter:

1 1. "Combined education mill rate" means the combined number of mills levied by a
2 school district for the general fund, high school tuition, and high school
3 transportation.

4 2. "Qualifying school district" means a school district that meets the conditions and
5 requirements of this chapter to receive a mill levy reduction grant.

6 3. "Weighted student unit" means weighted student unit as determined for the school
7 district under chapter 15.1-27.

8 **57-64-02. Mill levy reduction allocation and grant.** Each qualifying school district in
9 the state is entitled to a mill levy reduction allocation and grant as provided in this chapter,
10 subject to legislative appropriation to the superintendent of public instruction.

11 1. a. The mill levy reduction allocation rate for each qualifying school district is
12 three thousand four hundred twenty dollars per weighted student unit for the
13 first year of the 2009-11 biennium.

14 b. The mill levy reduction allocation rate for each qualifying school district is
15 three thousand seven hundred seventy dollars per weighted student unit for
16 the second year of the 2009-11 biennium.

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

18 a. The allocation determined under subsection 1;

19 b. The taxable valuation of property in the school district times the number of
20 mills determined by subtracting one hundred mills from the combined
21 education mill rate of the school district; or

22 c. The taxable valuation of property in the school district times seventy-five mills.

23 3. The superintendent of public instruction shall report to each qualifying school
24 district by July fifteenth of each year the anticipated mill levy reduction grant in
25 dollars available to that school district during the upcoming school year.

26 4. By December first, January first, February first, and March first of each school year,
27 the superintendent of public instruction shall forward to each qualifying school
28 district installments equal to twenty-five percent of the total mill levy reduction grant
29 the district is eligible to receive during that school year.

30 5. Allocations to a school district under this chapter are not considered per student
31 payments or state aid for purposes of chapter 15.1-27.

1 **57-64-03. School district levy compliance.** To be eligible to receive a grant under
2 this chapter, a qualifying school district must establish a spending level that does not result in a
3 combined education mill rate exceeding one hundred ten mills. The certificate of levy form filed
4 with the county auditor by a qualifying school district must reflect the revenue to be received by
5 the school district under this chapter and that the combined education mill rate for the school
6 district will not exceed one hundred ten mills unless:

- 7 1. The district has received approval of a majority of the electors of the school district
8 for a higher levy;
- 9 2. The higher levy is the result of a school district reorganization in compliance with
10 chapter 15.1-12; or
- 11 3. The higher levy was allowed under section 57-15-01.1 or its predecessor
12 provisions providing protection to taxpayers and taxing districts.

13 **57-64-04. Levy reduction priority.** In setting mill rates for qualified school districts,
14 the county auditor shall apply funds allocated to a school district under this chapter for mill levy
15 reduction first to reduce the number of mills levied for general fund purposes and, if allocation
16 funds remain after the general fund mill rate is reduced to zero, the balance must be applied to
17 reduce the high school tuition levy and then to reduce the high school transportation levy of the
18 qualified school district.

19 **SECTION 5. EFFECTIVE DATE.** Sections 1, 2, and 3 of this Act are effective for
20 taxable years beginning after December 31, 2008.