SECOND ENGROSSMENT

Sixty-first
Legislative Assembly
of North Dakota

REENGROSSED SENATE BILL NO. 2199

Introduced by

Senators Wardner, Cook, O'Connell

Representatives Kaldor, Monson, Svedjan

A BILL for an Act to create and enact two new subdivisions to subsection 3 of section 57-15-01.1 and chapter 57-64 of the North Dakota Century Code, relating to allocation of state funds to school districts for mill levy reduction grants; to amend and reenact sections 57-15-14 and 57-15-31 of the North Dakota Century Code, relating to property tax levies of school districts; to provide an appropriation; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Two new subdivisions to subsection 3 of section 57-15-01.1 of the North Dakota Century Code are created and enacted as follows:

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

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

SECTION 2. AMENDMENT. Section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14. General fund levy limitations in school districts. The aggregate amount levied each year for the purposes listed in section 57-15-14.2 by any school district, except the Fargo school district, may not exceed the amount in dollars which the school district levied for the prior school year plus eighteen percent up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the district, except that:

1. In any school district having a total population in excess of four thousand according to the last federal decennial census~~:~~
   ~~a.~~ ~~There~~ there may be levied any specific number of mills that upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.
   ~~b.~~ ~~There is no limitation upon the taxes which may be levied if upon resolution of the school board of any such district the removal of the mill levy limitation has been submitted to and approved by a majority of the qualified electors voting at any regular or special election upon such question.~~
2. In any school district having a total population of ~~less~~ fewer than four thousand, there may be levied any specific number of mills that upon resolution of the school board has been approved by fifty-five percent of the qualified electors voting upon the question at any regular or special school election.
3. After June 30, ~~2007~~ 2009, in any school district election for approval by electors of ~~unlimited or~~ increased levy authority under subsection 1 or 2, the ballot must specify the number of mills~~, the percentage increase in dollars levied, or that unlimited levy authority is~~ proposed for approval, and the number of taxable years for which that approval is to apply. After June 30, ~~2007~~ 2009, approval by electors of ~~unlimited or~~ increased levy authority under subsection 1 or 2 may not be effective for more than ten taxable years.
4. The authority for an unlimited levy approved by electors of a school district before July 1, 2009, is terminated effective for taxable years after 2010. If the electors of a school district subject to this subsection have not approved a levy of a specific number of mills under this section by December 31, 2010, the school district levy limitation for subsequent years is subject to the limitations under section 57-15-01.1 or this section.

The question of authorizing or discontinuing such specific number of mills authority ~~or unlimited taxing authority~~ in any school district must be submitted to the qualified electors at the next regular election upon resolution of the school board or upon the filing with the school board of a petition containing the signatures of qualified electors of the district equal in number to ten percent of the number of electors who cast votes in the most recent election in the school district. However, not fewer than twenty-five signatures are required ~~unless the district has fewer than twenty-five qualified electors, in which case the petition must be signed by not less than twenty-five percent of the qualified electors of the district. In those districts with fewer than twenty-five qualified electors, the number of qualified electors in the district must be determined by the county superintendent for such county in which such school is located~~. However, the approval of discontinuing ~~either~~ such authority does not affect the tax levy in the calendar year in which the election is held. The election must be held in the same manner and subject to the same conditions as provided in this section for the first election upon the question of authorizing the mill levy.

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

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

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

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

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

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

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

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

1. The mill levy reduction allocation rate for each qualifying school district is equal to the payments to the school district based on the per student payment rate as determined for the school year under chapter 15.1-27.
2. The grant to a qualifying school district may not exceed the smallest of:
   a. The allocation determined under subsection 1;
   b. The taxable valuation of property in the school district in the previous taxable year times the number of mills determined by subtracting one hundred mills from the combined education mill rate of the school district for taxable year 2008; or
   c. The taxable valuation of property in the school district in the previous taxable year times seventy-five mills.
3. The grant to a qualifying school district may not be less than the grant to that school district in the preceding school year.
4. The superintendent of public instruction shall report to each qualifying school district by July fifteenth of each year the mill levy reduction grant in dollars available to that school district during the upcoming school year.
5. By December first, January first, February first, and March first of each school year, the superintendent of public instruction shall forward to each qualifying school district installments equal to twenty-five percent of the total mill levy reduction grant the district is eligible to receive during that school year.

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

57-64-03. School district levy compliance.

1. To be eligible to receive a grant under this chapter, a qualifying school district must establish a spending level that does not result in a combined education mill rate exceeding one hundred ten mills. The certificate of levy form filed with the county auditor by a qualifying school district must reflect the revenue to be received by the school district under this chapter and that the combined education mill rate for the school district will not exceed one hundred ten mills unless:
   a. The district has approval of a majority of the electors of the school district for a higher levy;
   b. The higher levy is the result of a school district reorganization in compliance with chapter 15.1-12; or
   c. The higher levy does not produce an amount in dollars exceeding the amount allowed under section 57-15-01.1 for taxable year 2008 reduced by the amount of the school district's mill levy reduction grant under section 57-64-02 for the budget year.
2. The authority under subdivision a or b of subsection 1 for a school district to levy a combined education mill rate exceeding one hundred ten mills applies for not more than ten taxable years after taxable year 2008 unless a majority of the electors of the school district approve an extension of that authority. Approval by electors of extension of levy authority under subdivision a or b of subsection 1 is effective for not more than ten taxable years at a time. A ballot measure for approval by electors of extension of levy authority under subdivision a or b of subsection 1 is subject to the following:
   a. The ballot measure must specify the number of mills for the combined education mill rate for which approval is sought.
   b. If a ballot measure for approval of authority to levy a specific number of mills is not approved by a majority of the electors of the school district voting on the question, the school district levy limitation for subsequent years is subject to the limitations under section 57-15-01.1 or 57-15-14.

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

SECTION 5. APPROPRIATION. There is appropriated out of any moneys in the permanent oil tax trust fund in the state treasury, not otherwise appropriated, the sum of $295,000,000, or so much of the sum as may be necessary, to the superintendent of public instruction for the purpose of allocation of mill levy reduction grants to school districts under chapter 57-64, for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 6. EFFECTIVE DATE. Sections 1, 2, and 3 of this Act are effective for taxable years beginning after December 31, 2008.