

Sixty-first
Legislative Assembly
of North Dakota

HOUSE BILL NO.

Introduced by

Representative Pinkerton

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 property tax reduction grants; to amend and reenact section
4 57-15-31 of the North Dakota Century Code, relating to property tax levies of school districts;
5 and to provide an effective date.

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

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

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

13 Reduced for a school district determining its levy limitation under this section,
14 by the amount the school district's property tax reduction grant under section
15 57-64-02 for the budget year exceeds the amount of the school district's
16 property tax reduction grant under section 57-64-02 for the base year.

17 **SECTION 2. AMENDMENT.** Section 57-15-31 of the North Dakota Century Code is
18 amended and reenacted as follows:

19 **57-15-31. Determination of levy.** The amount to be levied by any county, city,
20 township, school district, park district, or other municipality authorized to levy taxes shall be
21 computed by deducting from the amount of estimated expenditures for the current fiscal year as
22 finally determined, plus the required reserve fund determined upon by the governing board from
23 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 property tax 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 3. 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. Property tax reduction grant. Each qualifying school district in the state is entitled to a property tax reduction grant as provided in this chapter, subject to legislative appropriation to the superintendent of public instruction.

1. The property tax reduction grant for each qualifying school district is equal to three thousand five hundred dollars per weighted student unit as determined for the school year under chapter 15.1-27.

2. The superintendent of public instruction shall report to each qualifying school district by July fifteenth of each year the property tax reduction grant in dollars available to that school district during the upcoming school year.

3. 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 property tax reduction grant the district is eligible to receive during that school year.

4. 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. 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 be adjusted to provide the benefit of the revenue to taxpayers in the form of a property tax reduction.

57-64-04. Allocation of property tax reduction benefits to lessees. The owner of property under lease to a lessee for residential, commercial, or agricultural use shall make a payment to each lessee and the cumulative amount of payments to lessees of the property must equal fifty percent of the property tax reduction benefit for the property under this chapter. Payments among multiple lessees must be allocated in proportion to each lessee's relative share of total rental payments on the property. A lessee's entitlement to payment under this section is enforceable by an action filed in small claims court and, if the lessee prevails in the action, the award from the small claims court or district court must include an award of reasonable attorney's fees incurred by the lessee in enforcing the right to the benefit under this section.

SECTION 4. EFFECTIVE DATE. Sections 1 and 2 of this Act are effective for taxable years beginning after December 31, 2008.