

Sixty-third
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1319

Introduced by

Representatives Monson, Heilman, Nathe, Rust, Sanford, Schatz, Williams

Senators Cook, Flakoll, Holmberg, Heckaman, O'Connell

1 A BILL for an Act to create and enact sections 15.1-27-04.1, 15.1-27-04.2, 15.1-27-04.3, and
2 15.1-27-45 of the North Dakota Century Code, relating to determination of state aid payable to
3 school districts; to amend and reenact sections 15.1-09-33, 15.1-09-39, 15.1-09-40, 15.1-09-47,
4 15.1-09-48, 15.1-09-49, 15.1-22-01, 15.1-27-03.1, 15.1-27-04, 15.1-27-17, 15.1-27-35,
5 15.1-27-39, 15.1-29-15, 15.1-30-04, 15.1-36-02, 40-55-09, 57-15-01.1, 57-15-14, 57-15-14.2,
6 57-15-14.5, 57-15-17, 57-15-17.1, 57-15-31, 57-19-01, 57-19-02, and 57-19-09 of the North
7 Dakota Century Code, relating to the determination of state aid payable to school districts; to
8 repeal sections 15.1-27-07.1, 15.1-27-11, 15.1-27-22.1, 15.1-27-42, 15.1-27-43, 15.1-27-44,
9 15.1-32-20, 57-15-14.4, 57-19-04, 57-19-10, and chapter 57-64 of the North Dakota Century
10 Code, relating to the determination of state aid payable to school districts, school district levy
11 authority, and the mill levy reduction grant program; and to provide for a legislative management
12 study.

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

14 **SECTION 1. AMENDMENT.** Section 15.1-09-33 of the North Dakota Century Code is
15 amended and reenacted as follows:

16 **15.1-09-33. School board - Powers.**

17 The board of a school district may:

- 18 1. Establish a system of free public schools for all children of legal school age residing
19 within the district.
- 20 2. Organize, establish, operate, and maintain elementary, middle, and high schools.
- 21 3. Have custody and control of all school district property and, in the case of the board of
22 education of the city of Fargo, have custody and control of all public school property
23 within the boundaries of the Fargo public school district and to manage and control all
24 school matters.

- 1 4. Acquire real property and construct school buildings and other facilities.
- 2 5. Relocate or discontinue schools and liquidate the assets of the district as required by
- 3 law; provided no site may be acquired or building constructed, or no school may be
- 4 organized, established, operated, maintained, discontinued, or changed in location
- 5 without the approval of the state board of public school education if outside the
- 6 boundary of the district.
- 7 6. Purchase, sell, exchange, and improve real property.
- 8 7. Lease real property for a maximum of one year except in the case of a career and
- 9 technical education facility constructed in whole or in part with financing acquired
- 10 under chapter 40-57, which may be leased for up to twenty years.
- 11 8. Subject to chapter 32-15, exercise the power of eminent domain to acquire real
- 12 property for school purposes.
- 13 9. Purchase, sell, exchange, improve, and lease for up to one year equipment, furniture,
- 14 supplies, and textbooks.
- 15 10. Recruit or contract with others to recruit homes and facilities which provide boarding
- 16 care for special education students.
- 17 11. Provide dormitories for the boarding care of special education students.
- 18 12. Insure school district property.
- 19 13. Independently or jointly with other school districts, purchase telecommunications
- 20 equipment or lease a telecommunications system or network.
- 21 14. Provide for the education of students by another school district.
- 22 15. Contract with federal officials for the education of students in a federal school.
- 23 16. Prescribe courses of study in addition to those prescribed by the superintendent of
- 24 public instruction or by law.
- 25 17. Adopt rules regarding the instruction of students, including their admission, transfer,
- 26 organization, grading, and government.
- 27 18. Join the North Dakota high school activities association and pay membership fees.
- 28 19. Adopt alternative curricula for high school seniors who require fewer than four
- 29 academic units.
- 30 20. Contract with, employ, and compensate school district personnel.

- 1 21. Contract with and provide reimbursement for the provision of teaching services by an
- 2 individual certified as an instructor in the areas of North Dakota American Indian
- 3 languages and culture by the education standards and practices board.
- 4 22. Suspend school district personnel.
- 5 23. Dismiss school district personnel.
- 6 24. Participate in group insurance plans and pay all or part of the insurance premiums.
- 7 25. Contract for the services of a district superintendent, provided that the contract, which
- 8 may be renewed, does not exceed a period of three years.
- 9 26. Contract for the services of a principal.
- 10 27. Employ an individual to serve as the school district business manager or contract with
- 11 any person to perform the duties assigned to a school district business manager by
- 12 law.
- 13 28. Suspend or dismiss a school district business manager for cause without prior notice.
- 14 29. Suspend or dismiss a school district business manager without cause with thirty days'
- 15 written notice.
- 16 30. Defray the necessary and contingent expenses of the board.
- 17 31. Levy a tax upon property in the district for school purposes, as permitted in
- 18 accordance with chapter 57-15.
- 19 32. Amend and certify budgets and tax levies, as provided in title 57.
- 20 33. Pay dues allowing for the board to hold membership in city, county, state, and national
- 21 organizations and associations.
- 22 34. Designate, at its annual meeting, a newspaper of general circulation as the official
- 23 newspaper of the district.

24 **SECTION 2. AMENDMENT.** Section 15.1-09-39 of the North Dakota Century Code is
25 amended and reenacted as follows:

26 **15.1-09-39. Districts in bordering states - Contract.**

- 27 1. Notwithstanding any other provision of law, the board of a school district in this state
- 28 may contract with the board of a school district in another state for the joint operation
- 29 and maintenance of school facilities and for joint activities, if the districts are
- 30 contiguous. To be valid, the contract must be approved by the superintendent of public
- 31 instruction and by a majority of the qualified electors residing in the district.

2. In assessing the contract, the superintendent shall consider the district's enrollment, its valuation, and its longevity.
3. If the superintendent approves the contract, the board shall submit the contract to the electorate of the district, for approval, at an annual or a special election.
4. The board shall publish notice of the election in the official newspaper of the district at least fourteen days before the election. The notice must include a statement regarding the purpose of the election and the terms of the contract.
5. On the ballot, the board shall seek the voters' permission to execute the proposed contract, as approved by the superintendent of public instruction.
6. If the voters approve the execution of the contract, the board may levy and collect taxes, as permitted in accordance with chapter 57-15, to carry out the contract pursuant to law.
7. If a district that is a party to a contract under this section dissolves, any district to which the land of the dissolved district is attached shall assume the contractual responsibilities.

SECTION 3. AMENDMENT. Section 15.1-09-40 of the North Dakota Century Code is amended and reenacted as follows:

15.1-09-40. Sharing of levied taxes - Contract.

The boards of two or more school districts may contract to share levied taxes in all or a portion of their respective districts. The rate of taxes to be levied on any property in the joint taxing area or district is the rate of tax provided for in the contract, not exceeding any levy limitations ~~applicable to the property under chapter 57-15~~. The auditor of each county in which all or a portion of a contracting district is located shall fix and levy taxes on that portion of the property which is described in the contract and is located in the county at the rate set by the contract.

SECTION 4. AMENDMENT. Section 15.1-09-47 of the North Dakota Century Code is amended and reenacted as follows:

15.1-09-47. Board of education of city of Fargo - Taxing authority.

4. The board of education of the city of Fargo may levy taxes, ~~as necessary for any of the following purposes:~~
 - a. ~~To purchase, exchange, lease, or improve sites for schools.~~

- 1 b. ~~To build, purchase, lease, enlarge, alter, improve, and repair schools and their~~
2 ~~appurtenances.~~
- 3 e. ~~To procure, exchange, improve, and repair school apparatus, books, furniture, and~~
4 ~~appendages, but not the furnishing of textbooks to any student whose parent is~~
5 ~~unable to furnish the same.~~
- 6 d. ~~To provide fuel.~~
- 7 e. ~~To defray the contingent expenses of the board, including the compensation of~~
8 ~~employees.~~
- 9 f. ~~To pay teacher salaries after the application of public moneys, which may by law~~
10 ~~be appropriated and provided for that purpose.~~
- 11 2. ~~The question of authorizing or discontinuing the unlimited taxing authority of the board~~
12 ~~of education of the city of Fargo must be submitted to the qualified electors of the~~
13 ~~Fargo school district at the next regular election upon resolution of the board of~~
14 ~~education or upon filing with the board a petition containing the signatures of qualified~~
15 ~~electors of the district equal in number to twenty percent of the individuals enumerated~~
16 ~~in the most recent school district census. However, if the electors approve a~~
17 ~~discontinuation of the unlimited taxing authority, their approval of the discontinuation~~
18 ~~may not affect the tax levy effective for the calendar year in which the election is held.~~
19 ~~In addition, the minimum levy may not be less than the levy that was in force at the~~
20 ~~time of the election. The board may increase its levy in accordance with section~~
21 ~~57-15-01. If the district experiences growing enrollment, the board may increase the~~
22 ~~levy by an amount equal to the amount levied the preceding year per student times the~~
23 ~~number of additional students enrolled during the new year~~within the requirements or
24 ~~limitations of this title and title 57.~~

25 **SECTION 5. AMENDMENT.** Section 15.1-09-48 of the North Dakota Century Code is
26 amended and reenacted as follows:

27 **15.1-09-48. Board of education of city of Fargo - Tax collection.**

28 The board of education of the city of Fargo ~~has the power to~~may levy taxes within the
29 boundaries of the Fargo public school district and ~~to cause such~~the taxes to be collected in the
30 same manner as other city taxes, provided the taxes meet the requirements or limitations of this
31 title and title 57. The business manager of the board of education shall ~~cause~~certify the rate for

each purpose ~~to be certified by the business manager~~ to the city auditor in time to be added to the annual tax list of the city. ~~It is the duty of the~~ The city auditor ~~to~~ shall calculate and extend upon the annual assessment roll and tax list any tax levied by the board of education. The tax must be collected in the same manner as other city taxes ~~are collected~~. If the city council fails to levy any tax for city purposes or fails to cause an assessment roll or tax list to be made, the board of education may ~~cause~~ make an assessment roll and tax list ~~to be made~~ and submit the roll to the city auditor with a warrant for the collection of the tax. The board of education may cause the tax to be collected in the same manner as other city taxes are collected or as otherwise provided by resolution of the board.

SECTION 6. AMENDMENT. Section 15.1-09-49 of the North Dakota Century Code is amended and reenacted as follows:

15.1-09-49. Board of education of city of Fargo - Taxes for buildings.

The amount to be raised for teacher salaries and contingent expenses must be such only as together with the public money coming to the city from any source is sufficient to establish and maintain efficient and proper schools for students in the city. The tax for purchasing, leasing, or improving sites and the building, purchasing, leasing, enlarging, altering, and repairing of schools may not exceed in any one year fifteen mills on the ~~dollar valuation of the~~ taxable valuation of property ~~of the city in the school district~~. The board of education may borrow, and when necessary shall borrow, in anticipation of the ~~amount of the~~ taxes to be raised, levied, and collected.

SECTION 7. AMENDMENT. Section 15.1-22-01 of the North Dakota Century Code is amended and reenacted as follows:

15.1-22-01. Kindergarten - Establishment by board - Request by parent - Levy.

1. The board of a school district shall either provide at least a half-day kindergarten program for any student enrolled in the district or pay the tuition required for the student to attend a kindergarten program in another school district.

2. ~~The board of a school district that establishes a kindergarten under this section may levy a tax pursuant to subdivision p of subsection 1 of section 57-15-14.2.~~

SECTION 8. AMENDMENT. Section 15.1-27-03.1 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-27-03.1. (Effective through June 30, 2013, and after June 30, 2015) Weighted
average daily membership - Determination.**

1. For each school district, the superintendent of public instruction shall multiply by:
 - a. 1.00 the number of full-time equivalent students enrolled in a migrant summer program;
 - b. 1.00 the number of full-time equivalent students enrolled in an extended educational program in accordance with section 15.1-32-17;
 - c. 0.60 the number of full-time equivalent students enrolled in a summer education program;
 - d. 0.50 the number of full-time equivalent students enrolled in a home-based education program and monitored by the school district under chapter 15.1-23;
 - e. 0.30 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be least proficient and placed in the first of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
 - f. 0.25 the number of full-time equivalent students enrolled in an alternative high school;
 - g. 0.20 the number of full-time equivalent students attending school in a bordering state in accordance with section 15.1-29-01;
 - h. 0.20 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the first of six categories of proficiency and therefore placed in the second of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
 - i. 0.17 the number of full-time equivalent students enrolled in an early childhood special education program;
 - j. 0.10 the number of students enrolled in average daily membership, if the district has fewer than one hundred students enrolled in average daily membership and the district consists of an area greater than two hundred seventy-five square

1 miles [19424.9 hectares], provided that any school district consisting of an area
2 greater than six hundred square miles [155399 hectares] and enrolling fewer than
3 fifty students in average daily membership must be deemed to have an
4 enrollment equal to fifty students in average daily membership;

5 k. ~~0.0790~~0.082 the number of students enrolled in average daily membership, in
6 order to support the provision of special education services;

7 l. 0.07 the number of full-time equivalent students who:

8 (1) On a test of English language proficiency approved by the superintendent of
9 public instruction are determined to be more proficient than students placed
10 in the second of six categories of proficiency and therefore placed in the
11 third of six categories of proficiency;

12 (2) Are enrolled in a program of instruction for English language learners; and

13 (3) Have not been in the third of six categories of proficiency for more than
14 three years;

15 m. 0.025 the number of students representing that percentage of the total number of
16 students in average daily membership which is equivalent to the three-year
17 average percentage of students in grades three through eight who are eligible for
18 free or reduced lunches under the Richard B. Russell National School Lunch Act
19 [42 U.S.C. 1751 et seq.];

20 n. ~~0.0060~~0.003 the number of students enrolled in average daily membership in each
21 public school in the district that:

22 (1) Has acquired and is utilizing the PowerSchool student information system;

23 (2) Has acquired and is in the process of implementing the PowerSchool
24 student information system; or

25 (3) Will acquire the PowerSchool student information system during the current
26 school year, provided the acquisition is contractually demonstrated; and

27 o. 0.004 the number of students enrolled in average daily membership in a school
28 district that is a participating member of a regional education association meeting
29 the requirements of chapter 15.1-09.1.

- 1 2. The superintendent of public instruction shall determine each school district's weighted
2 average daily membership by adding the products derived under subsection 1 to the
3 district's average daily membership.

4 **(Effective July 1, 2013, through June 30, 2015) Weighted average daily membership -**
5 **Determination.**

- 6 1. For each school district, the superintendent of public instruction shall multiply by:
7 a. 1.00 the number of full-time equivalent students enrolled in a migrant summer
8 program;
9 b. 1.00 the number of full-time equivalent students enrolled in an extended
10 educational program in accordance with section 15.1-32-17;
11 c. 0.60 the number of full-time equivalent students enrolled in a summer education
12 program;
13 d. 0.50 the number of full-time equivalent students enrolled in a home-based
14 education program and monitored by the school district under chapter 15.1-23;
15 e. 0.30 the number of full-time equivalent students who:
16 (1) On a test of English language proficiency approved by the superintendent of
17 public instruction are determined to be least proficient and placed in the first
18 of six categories of proficiency; and
19 (2) Are enrolled in a program of instruction for English language learners;
20 f. 0.25 the number of full-time equivalent students enrolled in an alternative high
21 school;
22 g. 0.20 the number of full-time equivalent students attending school in a bordering
23 state in accordance with section 15.1-29-01;
24 h. 0.20 the number of full-time equivalent students who:
25 (1) On a test of English language proficiency approved by the superintendent of
26 public instruction are determined to be more proficient than students placed
27 in the first of six categories of proficiency and therefore placed in the second
28 of six categories of proficiency; and
29 (2) Are enrolled in a program of instruction for English language learners;
30 i. 0.17 the number of full-time equivalent students enrolled in an early childhood
31 special education program;

- 1 j. 0.15 the number of full-time equivalent students in grades six through eight
2 enrolled in an alternative education program for at least an average of fifteen
3 hours per week;
- 4 k. 0.10 the number of students enrolled in average daily membership, if the district
5 has fewer than one hundred students enrolled in average daily membership and
6 the district consists of an area greater than two hundred seventy-five square
7 miles [19424.9 hectares], provided that any school district consisting of an area
8 greater than six hundred square miles [155399 hectares] and enrolling fewer than
9 fifty students in average daily membership must be deemed to have an
10 enrollment equal to fifty students in average daily membership;
- 11 l. ~~0.0790~~0.082 the number of students enrolled in average daily membership, in
12 order to support the provision of special education services;
- 13 m. 0.07 the number of full-time equivalent students who:
- 14 (1) On a test of English language proficiency approved by the superintendent of
15 public instruction are determined to be more proficient than students placed
16 in the second of six categories of proficiency and therefore placed in the
17 third of six categories of proficiency;
- 18 (2) Are enrolled in a program of instruction for English language learners; and
- 19 (3) Have not been in the third of six categories of proficiency for more than
20 three years;
- 21 n. 0.025 the number of students representing that percentage of the total number of
22 students in average daily membership which is equivalent to the three-year
23 average percentage of students in grades three through eight who are eligible for
24 free or reduced lunches under the Richard B. Russell National School Lunch Act
25 [42 U.S.C. 1751 et seq.];
- 26 o. ~~0.0060~~0.003 the number of students enrolled in average daily membership in each
27 public school in the district that:
- 28 (1) Has acquired and is utilizing the PowerSchool student information system;
- 29 (2) Has acquired and is in the process of implementing the PowerSchool
30 student information system; or

1 (3) Will acquire the PowerSchool student information system during the current
2 school year, provided the acquisition is contractually demonstrated; and
3 p. 0.004 the number of students enrolled in average daily membership in a school
4 district that is a participating member of a regional education association meeting
5 the requirements of chapter 15.1-09.1.

6 2. The superintendent of public instruction shall determine each school district's weighted
7 average daily membership by adding the products derived under subsection 1 to the
8 district's average daily membership.

9 **SECTION 9. AMENDMENT.** Section 15.1-27-04 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **15.1-27-04. Per student payment rate.**

12 1. a. The per student payment rate to which each school district is entitled for the first
13 year of the biennium is ~~three~~eight thousand ~~nine~~eight hundred ten dollars.
14 b. The per student payment rate to which each school district is entitled for the
15 second year of the biennium is ~~three~~nine thousand ~~nine hundred eighty~~ninety-two
16 dollars.
17 2. In order to determine the state aid payment to which each district is entitled, the
18 superintendent of public instruction shall multiply each district's weighted student units
19 by the per student payment rate set forth in subsection 1.

20 **SECTION 10.** Section 15.1-27-04.1 of the North Dakota Century Code is created and
21 enacted as follows:

22 **15.1-27-04.1. State aid - Determination.**

23 1. In order to determine the amount of state aid to which each school district is annually
24 entitled, the superintendent of public instruction shall:
25 a. Multiply the number of weighted student units by the payment rate established in
26 section 15.1-27-04;
27 b. Subtract from the product derived under subdivision a, an amount equal to fifty
28 mills times the taxable valuation of the school district; and
29 c. Subtract from the product derived under subdivision b, an amount equal to
30 seventy-five percent of all:

- (1) Mineral revenue in excess of two million dollars, received by the school district and reported under code 2000 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08;
- (2) Tuition revenue received by the school district and reported under code 1300 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08, with the exception of revenue received specifically for the operation of an educational program provided at a residential treatment facility;
- (3) Revenue received by the school district from payments in lieu of taxes on the distribution and transmission of electric power;
- (4) Revenue received by the school district from payments in lieu of taxes on electricity generated from sources other than coal;
- (5) Revenue received by the school district from mobile home taxes;
- (6) Revenue received by the school district from the leasing of land acquired by the United States for which compensation is allocated to the state under 33 U.S.C. 701(c)(3);
- (7) Telecommunications tax revenue received by the school district; and
- (8) Revenue received by the school district from payments in lieu of taxes and state reimbursement of the homestead credit and disabled veterans' credit.

2. The amount remaining after the computation required under subsection 1 is the amount of state aid to which a school district is entitled, subject to any other statutory requirements or limitations.

SECTION 11. Section 15.1-27-04.2 of the North Dakota Century Code is created and enacted as follows:

15.1-27-04.2. State aid - Minimum local effort - Determination.

If a district's taxable valuation per student is less than forty percent of the state average valuation per student, the superintendent of public instruction, for purposes of determining state aid in accordance with section 15.1-27-04.1, shall utilize an amount equal to fifty mills times the

1 state average valuation per student multiplied by the number of weighted student units in the
2 district.

3 **SECTION 12.** Section 15.1-27-04.3 of the North Dakota Century Code is created and
4 enacted as follows:

5 **15.1-27-04.3. Baseline payment.**

6 1. The superintendent of public instruction shall determine each school district's baseline
7 funding per weighted student unit by:

- 8 a. Multiplying the district's general fund mill levy for the 2008 taxable year less fifty
9 mills by the taxable valuation of the school district;
10 b. Adding all state aid received by the district during the 2012-13 school year;
11 c. Subtracting the amount received by the district during the 2012-13 school year
12 for transportation aid, special education excess cost reimbursements, and special
13 education contracts; and
14 d. Dividing the remainder by the district's 2012-13 weighted student units.

15 2. a. The superintendent of public instruction shall ensure that the total amount of
16 state aid payable to a district per weighted student unit, for the 2013-14 school
17 year, exclusive of any payments for transportation aid, special education excess
18 cost reimbursements, and special education contracts, is at least equal to one
19 hundred two percent of the total baseline funding received per weighted student
20 unit, as established in subsection 1.

21 b. The superintendent of public instruction shall ensure that the total amount of
22 state aid payable to a district per weighted student unit, for the 2014-15 school
23 year, exclusive of any payments for transportation aid, special education excess
24 cost reimbursements, and special education contracts, is at least equal to the
25 greater of:

26 (1) One hundred four percent of the total baseline funding received per
27 weighted student unit, as established in subsection 1; or

28 (2) Ninety-eight percent of the state aid paid to the district for the 2013-14
29 school year, exclusive of any payments for transportation aid, special
30 education excess cost reimbursements, and special education contracts.

1 3. a. The superintendent of public instruction shall ensure that the total amount of
2 state aid payable to a district per weighted student unit, for the 2013-14 school
3 year, exclusive of any payments for transportation aid, special education excess
4 cost reimbursements, and special education contracts, does not exceed one
5 hundred ten percent of the total baseline funding received per weighted student
6 unit, as established in subsection 1.

7 b. The superintendent of public instruction shall ensure that the total amount of
8 state aid payable to a district per weighted student unit, for the 2014-15 school
9 year, exclusive of any payments for transportation aid, special education excess
10 cost reimbursements, and special education contracts, does not exceed one
11 hundred twenty percent of the total baseline funding received per weighted
12 student unit, as established in subsection 1.

13 **SECTION 13. AMENDMENT.** Section 15.1-27-17 of the North Dakota Century Code is
14 amended and reenacted as follows:

15 **15.1-27-17. Per student payments - Reorganization of school districts - Separate**
16 **weighting factor.**

17 1. Notwithstanding the provisions of section 15.1-27-03.2, the superintendent of public
18 instruction shall create and assign a separate weighting factor to:

19 a. ~~Any school district that reorganized on or before June 30, 2007, and which was~~
20 ~~receiving per student payments in accordance with section 15.1-27-17, as that~~
21 ~~section existed on June 30, 2007; and~~

22 b. ~~Any~~ any school district that reorganizes on or after July 1, 2007.

23 2. a. The separate weighting factor must allow the reorganized school district to
24 receive a payment rate equivalent to that which each separate school district
25 would have received had the reorganization not taken place.

26 b. The separate weighting factor must be computed to four decimal places.

27 c. The provisions of this subsection are effective for a period of four years from the
28 date of the reorganization.

29 3. At the beginning of the fifth and at the beginning of the sixth years after the date of the
30 reorganization, the superintendent of public instruction shall make proportionate
31 adjustments in the assigned weighting factor so that beginning with the seventh year

after the date of the reorganization, the weighting factor that will be applied to the reorganized district is that provided in section 15.1-27-03.2.

SECTION 14. AMENDMENT. Section 15.1-27-35 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-35. Average daily membership - Calculation.

1. ~~a. During the 2009-10 school year, average daily membership is calculated at the conclusion of the school year by adding the total number of days that each student in a given grade, school, or school district is in attendance during a school calendar and the total number of days that each student in a given grade, school, or school district is absent during a school calendar, and then dividing the sum by the greater of:~~
 - ~~(1) The school district's calendar; or~~
 - ~~(2) One hundred eighty.~~
- ~~b. During the 2010-11 school year, average daily membership is calculated at the conclusion of the school year by adding the total number of days that each student in a given grade, school, or school district is in attendance during a school calendar and the total number of days that each student in a given grade, school, or school district is absent during a school calendar, and then dividing the sum by the greater of:~~
 - ~~(1) The school district's calendar; or~~
 - ~~(2) One hundred eighty-one.~~
- ~~c. Beginning with the 2011-12 school year, average Average daily membership is calculated at the conclusion of the school year by adding the total number of days that each student in a given grade, school, or school district is in attendance during a school calendar and the total number of days that each student in a given grade, school, or school district is absent during a school calendar, and then dividing the sum by the greater of:~~
 - ~~(1)a. The school district's calendar; or~~
 - ~~(2)b. One hundred eighty-two.~~
2. For purposes of calculating average daily membership, all students are deemed to be in attendance on:

- 1 a. The three holidays listed in subdivisions b through j of subsection 1 of section
- 2 15.1-06-02 and selected by the school board in consultation with district
- 3 teachers;
- 4 b. The two days set aside for professional development activities under section
- 5 15.1-06-04; and
- 6 c. The two full days, or portions thereof, during which parent-teacher conferences
- 7 are held or which are deemed by the board of the district to be compensatory
- 8 time for parent-teacher conferences held outside regular school hours.
- 9 3. For purposes of calculating average daily membership:
- 10 a. A student enrolled full time in any grade from one through twelve may not exceed
- 11 an average daily membership of 1.00. The membership may be prorated for a
- 12 student who is enrolled less than full time.
- 13 b. A student enrolled full time in an approved regular education kindergarten
- 14 program may not exceed an average daily membership of 1.00. The membership
- 15 may be prorated for a student who is enrolled less than full time.
- 16 c. A student enrolled full time, as defined by the superintendent of public instruction,
- 17 in an approved early childhood special education program may not exceed an
- 18 average daily membership of 1.00. The membership may be prorated for a
- 19 student who is enrolled less than full time.

20 **SECTION 15. AMENDMENT.** Section 15.1-27-39 of the North Dakota Century Code is
21 amended and reenacted as follows:

22 **15.1-27-39. Annual salary - Minimum amount.**

- 23 1. ~~Beginning with the 2005-06 school year, the board of each school district shall provide-~~
- 24 ~~to each full-time teacher, under contract for a period of nine months, a minimum salary-~~
- 25 ~~level for the contract period equal to at least twenty-two thousand dollars.~~
- 26 2. Beginning with the ~~2006-07~~2014-15 school year, the board of each school district shall
- 27 provide to each full-time teacher, under contract for a period of nine months, a
- 28 minimum salary level for the contract period equal to at least ~~twenty-two~~twenty-seven
- 29 thousand five hundred dollars.

30 **SECTION 16.** Section 15.1-27-45 of the North Dakota Century Code is created and enacted
31 as follows:

1 **15.1-27-45. Property tax relief fund.**

2 1. The property tax relief fund is a special fund in the state treasury. On July 1, 2013, the
3 state treasurer shall change the name of the property tax relief sustainability fund
4 established under section 57-64-05 to property tax relief fund as established by this
5 section and any unobligated balance in the property tax relief sustainability fund must
6 be retained in the property tax relief fund. Moneys in the property tax relief fund may
7 be expended pursuant to legislative appropriations for property tax relief programs.

8 2. On or before the third Monday in each January, February, March, April, August,
9 September, October, November, and December, the office of management and budget
10 shall certify to the superintendent of public instruction the amount of the property tax
11 relief fund. The superintendent shall include the amount certified in determining the
12 state aid payments to which each school district is entitled under chapter 15.1-27.

13 **SECTION 17. AMENDMENT.** Section 15.1-29-15 of the North Dakota Century Code is
14 amended and reenacted as follows:

15 **15.1-29-15. Levy for tuition payments.**

16 If the board of a school district approves tuition payments for students in grades seven
17 through twelve or if the board is required to make tuition or tutoring payments under this
18 chapter, the board may levy an amount sufficient to meet such payments, pursuant to
19 ~~subdivision c of subsection 1 of section 57-15-14.2.~~

20 **SECTION 18. AMENDMENT.** Section 15.1-30-04 of the North Dakota Century Code is
21 amended and reenacted as follows:

22 **15.1-30-04. Provision of meals and lodging for high school students - Payment**
23 **permitted -Levy.**

24 Instead of providing transportation so that an eligible high school student residing in the
25 district can attend school in another district, a school board may pay a reasonable allowance to
26 the student's parent for costs incurred in the provision of meals and lodging for the student at a
27 location other than the student's residence. ~~A school district that furnishes either transportation~~
28 ~~or an allowance for the provision of meals and lodging for a student under this section may levy~~
29 ~~a tax pursuant to subdivision a of subsection 1 of section 57-15-14.2 for this purpose.~~

30 **SECTION 19. AMENDMENT.** Section 15.1-36-02 of the North Dakota Century Code is
31 amended and reenacted as follows:

15.1-36-02. School construction projects - Loans.

1. ~~The~~ In order to provide school construction loans, the board of university and school lands may authorize the use of moneys in:
 - a. Fifty million dollars, or so much of that amount as may be necessary, from the coal development trust fund, established pursuant to section 21 of article X of the Constitution of North Dakota and subsection 1 of section 57-62-02 to provide school construction loans, as described in this chapter. The outstanding principal balance of loans under this chapter may not exceed fifty million dollars. The board may adopt policies and rules governing school construction loans; and
 - b. Two hundred million dollars from the strategic investment and improvements fund, established pursuant to section 15-08.1-08.
2. In order to be eligible for a loan under this section, the board of a school district shall:
 - a. Propose a construction project with a cost of at least one million dollars and an expected utilization of at least thirty years;
 - b. Obtain the approval of the superintendent of public instruction for the construction project under section 15.1-36-01; and
 - c. Submit to the superintendent of public instruction an application containing all information deemed necessary by the superintendent, including potential alternative sources or methods of financing the construction project.
3. ~~The superintendent of public instruction shall give priority to any district that meets the requirements for receipt of an equity payment under section 15.1-27-11.~~
4. If an eligible school district's ~~imputed~~ taxable valuation per student is less than eighty percent of the state average ~~imputed~~ taxable valuation per student, the district is entitled to receive:
 - a. A school construction loan equal to the lesser of ~~twelve~~ twenty million dollars or ~~eighty~~ ninety percent of the actual project cost;
 - b. An interest rate discount equal to at least one hundred but not more than ~~two~~ four hundred ~~fifty~~ basis points below the prevailing tax-free bond rates; and
 - c. A term of repayment that may extend up to twenty years.

- 1 ~~5.4.~~ If an eligible school district's ~~imputed~~ taxable valuation per student is equal to at least
2 eighty percent but less than ninety percent of the state average ~~imputed~~ taxable
3 valuation per student, the district is entitled to receive:
- 4 a. A school construction loan equal to the lesser of ~~ten~~fifteen million dollars or
5 ~~seventy~~eighty percent of the actual project cost;
- 6 b. An interest rate buydown equal to at least one hundred but not more than
7 ~~two~~three hundred fifty basis points below the prevailing tax-free bond rates; and
- 8 c. A term of repayment that may extend up to twenty years.
- 9 ~~6.5.~~ If an eligible school district's ~~imputed~~ taxable valuation per student is equal to at least
10 ninety percent of the state average ~~imputed~~ taxable valuation per student, the district
11 is entitled to receive:
- 12 a. A school construction loan equal to the lesser of ~~four~~ten million dollars or
13 ~~thirty~~seventy percent of the actual project cost;
- 14 b. An interest rate discount equal to at least one hundred but not more than
15 ~~two~~three hundred fifty basis points below the prevailing tax-free bond rates; and
- 16 c. A term of repayment that may extend up to twenty years.
- 17 ~~7.6.~~ The board of a school district may submit its loan application to the superintendent of
18 public instruction before or after receiving authorization of a bond issue in accordance
19 with chapter 21-03. If the vote to authorize a bond issue precedes the application for a
20 loan, the application must be acted upon by the superintendent expeditiously but no
21 later than one hundred eighty days from the date it is received by the superintendent.
- 22 ~~8.7.~~ The superintendent of public instruction shall consider each loan application in the
23 order it received approval under section 15.1-36-01.
- 24 ~~9.8.~~ If the superintendent of public instruction approves the loan, the superintendent may
25 determine the loan amount, the term of the loan, and the interest rate, in accordance
26 with the requirements of this section.
- 27 ~~10.~~ The superintendent of public instruction may adopt rules governing school-
28 construction loans.
- 29 9. a. If a school district seeking a loan under this section received an allocation of the
30 oil and gas gross production tax during the previous fiscal year in accordance
31 with chapter 57-51, the board of the district shall provide to the board of

1 university and school lands its evidence of indebtedness indicating that the loan
2 originated under this section.

3 b. If the evidence of indebtedness is payable solely from the school district's
4 allocation of the oil and gas gross production tax in accordance with section
5 57-51-15, the loan does not constitute a general obligation of the school district
6 and may not be considered a debt of the district.

7 c. If a loan made to a school district is payable solely from the district's allocation of
8 the oil and gas gross production tax in accordance with section 57-51-15, the
9 terms of the loan must require that the state treasurer withhold ten percent, or
10 any larger percentage specified in the loan agreement, of each of the district's oil
11 and gas gross production tax allocations in order to repay the principal and
12 interest of the evidence of indebtedness. The state treasurer shall deposit the
13 amount withheld into the fund from which the loan originated.

14 d. Any evidence of indebtedness executed by the board of a school district under
15 this subsection is a negotiable instrument and not subject to taxation by the state
16 or any political subdivision of the state.

17 ~~44-10.~~ For purposes of this section, a "construction project" means the purchase, lease,
18 erection, or improvement of any structure or facility by a school board, provided the
19 acquisition or activity is within a school board's authority.

20 **SECTION 20. AMENDMENT.** Section 40-55-09 of the North Dakota Century Code is
21 amended and reenacted as follows:

22 **40-55-09. Favorable vote at election - Procedure.**

23 Except in the case of a school district or park district, upon adoption of the public recreation
24 system proposition at an election by a majority of the votes cast upon the proposition, the
25 governing body of the municipality, by resolution or ordinance, shall provide for the
26 establishment, maintenance, and conduct of a public recreation system, and thereafter levy and
27 collect annually a tax of not more than two and five-tenths mills, or not more than eight and
28 five-tenths mills if authorized as provided by this section, on each dollar of the taxable valuation
29 of all taxable property within the corporate limits or boundaries of the municipality. This tax is in
30 addition to the maximum of taxes permitted to be levied in such municipality. The mill levy
31 authorized by this section may be raised to not more than eight and five-tenths mills when the

1 increase is approved by the citizens of the municipality after submission of the question in the
2 same manner as provided in section 40-55-08 for the establishment of the public recreation
3 system. The governing body of the municipality shall continue to levy the tax annually for public
4 recreation purposes until the qualified voters, at a regular or special election, by a majority vote
5 on the proposition, decide to discontinue the levy. The governing body of the municipality may
6 appropriate additional funds for the operation of the public recreation system if in the opinion of
7 the governing body additional funds are needed for the efficient operation thereof. This chapter
8 does not limit the power of any municipality, school district, or park district to appropriate on its
9 own initiative general municipal, school district, or park district tax funds for the operation of a
10 public recreation system, a community center, or character-building facility. ~~A school district may~~
11 ~~levy a tax annually for the conduct and maintenance of a public recreation system pursuant to~~
12 ~~subdivision q of subsection 1 of section 57-15-14.2.~~ A park district may levy a tax annually
13 within the general fund levy authority of section 57-15-12 for the conduct and maintenance of a
14 public recreation system.

15 **SECTION 21. AMENDMENT.** Section 57-15-01.1 of the North Dakota Century Code is
16 amended and reenacted as follows:

17 **57-15-01.1. Protection of taxpayers and taxing districts.**

18 Each taxing district may levy the lesser of the amount in dollars as certified in the budget of
19 the governing body, or the amount in dollars as allowed in this section, subject to the following:

- 20 1. No taxing district may levy more taxes expressed in dollars than the amounts allowed
21 by this section.
- 22 2. For purposes of this section:
 - 23 a. "Base year" means the taxing district's taxable year with the highest amount
24 levied in dollars in property taxes of the three taxable years immediately
25 preceding the budget year. For a park district general fund, the "amount levied in
26 dollars in property taxes" is the sum of amounts levied in dollars in property taxes
27 for the general fund under section 57-15-12 including any additional levy
28 approved by the electors, the insurance reserve fund under section 32-12.1-08,
29 the employee health care program under section 40-49-12, the public recreation
30 system under section 40-55-09 including any additional levy approved by the
31 electors, forestry purposes under section 57-15-12.1 except any additional levy

approved by the electors, pest control under section 4-33-11, and handicapped person programs and activities under section 57-15-60;

b. "Budget year" means the taxing district's year for which the levy is being determined under this section;

c. "Calculated mill rate" means the mill rate that results from dividing the base year taxes levied by the sum of the taxable value of the taxable property in the base year plus the taxable value of the property exempt by local discretion or charitable status, calculated in the same manner as the taxable property; and

d. "Property exempt by local discretion or charitable status" means property exempted from taxation as new or expanding businesses under chapter 40-57.1; improvements to property under chapter 57-02.2; or buildings belonging to institutions of public charity, new single-family residential or townhouse or condominium property, property used for early childhood services, or pollution abatement improvements under section 57-02-08.

3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:

a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.

b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.

c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district. For purposes of this subdivision, an expired temporary mill levy increase does not include a school district general fund mill

rate exceeding one hundred ten mills which has expired or has not received approval of electors for an extension under subsection 2 of section 57-64-03.

d. 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 and state aid under chapter 15.1-27 for the base year exceeds the amount of the school district's ~~mill levy reduction grant under section 57-64-02~~ state aid under chapter 15.1-27 for the budget year.

e. 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~~ state aid under chapter 15.1-27 for the budget year exceeds the amount of the school district's mill levy reduction grant under section 57-64-02 and state aid under chapter 15.1-27 for the base year.

4. In addition to any other levy limitation factor under this section, a taxing district may increase its levy in dollars to reflect new or increased mill levies authorized by the legislative assembly or authorized by the electors of the taxing district.

5. Under this section a taxing district may supersede any applicable mill levy limitations otherwise provided by law, or a taxing district may levy up to the mill levy limitations otherwise provided by law without reference to this section, but the provisions of this section do not apply to the following:

a. Any irrevocable tax to pay bonded indebtedness levied pursuant to section 16 of article X of the Constitution of North Dakota.

b. The one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

6. A school district choosing to determine its levy authority under this section may apply subsection 3 only to the amount in dollars levied for general fund purposes under section 57-15-14 or, if the levy in the base year included separate general fund and special fund levies under sections 57-15-14 and 57-15-14.2, the school district may apply subsection 3 to the total amount levied in dollars in the base year for both the general fund and special fund accounts. School district levies under any section other than section 57-15-14 may be made within applicable limitations but those levies are not subject to subsection 3.

- 1 7. Optional levies under this section may be used by any city or county that has adopted
2 a home rule charter unless the provisions of the charter supersede state laws related
3 to property tax levy limitations.

4 **SECTION 22. AMENDMENT.** Section 57-15-14 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **57-15-14. General fund levy limitations**~~General fund levy limitations~~**Voter approval of excess levies in school**
7 **districts.**

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

- 12 1. Unless authorized by the electors of the school district in accordance with this section,
13 a school district may not impose greater levies than those permitted under section
14 57-15-14.2.

- 15 4. a. In any school district having a total population in excess of four thousand
16 according to the last federal decennial census there may be levied any specific
17 number of mills that upon resolution of the school board has been submitted to
18 and approved by a majority of the qualified electors voting upon the question at
19 any regular or special school district election.

- 20 2. b. In any school district having a total population of fewer than four thousand, there
21 may be levied any specific number of mills that upon resolution of the school
22 board has been approved by fifty-five percent of the qualified electors voting
23 upon the question at any regular or special school election.

- 24 3. c. After June 30, 2009, in any school district election for approval by electors of
25 increased levy authority under subsection 1 or 2, the ballot must specify the
26 number of mills proposed for approval, and the number of taxable years for which
27 that approval is to apply. After June 30, 2009, approval by electors of increased
28 levy authority under subsection 1 or 2 may not be effective for more than ten
29 taxable years.

- 30 4. d. The authority for a levy of up to a specific number of mills under this section
31 approved by electors of a school district before July 1, 2009, is terminated

effective for taxable years after 2015. If the electors of a school district subject to this subsection have not approved a levy for taxable years after 2015 of up to a specific number of mills under this section by December 31, 2015, the school district levy limitation for subsequent years is subject to the limitations under section 57-15-01.1 or this section.

e. For taxable years beginning after 2012:

- (1) The authority for a levy of up to a specific number of mills, approved by electors of a school district for any period of time that includes a taxable year before 2009, must be reduced by one hundred thirty-five mills as a precondition of receiving state aid in accordance with chapter 15.1-27.
- (2) The authority for a levy of up to a specific number of mills, approved by electors of a school district for any period of time that does not include a taxable year before 2009, must be reduced by sixty mills as a precondition of receiving state aid in accordance with chapter 15.1-27.
- (3) The authority for a levy of up to a specific number of mills, placed on the ballot in a school district election for electoral approval of increased levy authority under subdivision a or b, after June 30, 2013, must be stated as a specific number of mills of general fund levy authority and must include a statement that the statutory school district general fund levy limitation is sixty mills on the dollar of the taxable valuation of the school district.

5-f. The authority for an unlimited levy approved by electors of a school district before July 1, 2009, is terminated effective for taxable years after 2015. If the electors of a school district subject to this subsection have not approved a levy of up to a specific number of mills under this section by December 31, 2015, the school district levy limitation for subsequent years is subject to the limitations under section 57-15-01.1 or this section.

2. a. The question of authorizing or discontinuing such specific number of mills 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~~No fewer than
twenty-five signatures are required. However, the

b. The approval of discontinuing such authority does not affect the tax levy in the
calendar year in which the election is held.

c. 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 23. AMENDMENT. Section 57-15-14.2 of the North Dakota Century Code is
amended and reenacted as follows:

~~57-15-14.2. Mill levies requiring board action -- Proceeds to general fund-~~
accountSchool district levies.

1. ~~A school board of any school district may levy an amount sufficient to cover general
expenses, including the costs of the following:~~

a. ~~Board and lodging for high school students as provided in section 15.1-30-04.~~

b. ~~The teachers' retirement fund as provided in section 15-39.1-28.~~

c. ~~Tuition for students in grades seven through twelve as provided in section
15.1-29-15.~~

d. ~~Special education program as provided in section 15.1-32-20.~~

e. ~~The establishment and maintenance of an insurance reserve fund for insurance
purposes as provided in section 32-12.1-08.~~

f. ~~A final judgment obtained against a school district.~~

g. ~~The district's share of contribution to the old age survivors' fund and matching
contribution for the social security fund as provided by chapter 52-09 and to
provide the district's share of contribution to the old age survivors' fund and
matching contribution for the social security fund for contracted employees of a
multidistrict special education board.~~

h. ~~The rental or leasing of buildings, property, or classroom space. Minimum state
standards for health and safety applicable to school building construction shall
apply to any rented or leased buildings, property, or classroom space.~~

i. ~~Unemployment compensation benefits.~~

- 1 j. ~~The removal of asbestos substances from school buildings or the abatement of~~
2 ~~asbestos substances in school buildings under any method approved by the~~
3 ~~United States environmental protection agency and any repair, replacement, or~~
4 ~~remodeling that results from such removal or abatement, any remodeling~~
5 ~~required to meet specifications set by the Americans with Disabilities Act~~
6 ~~accessibility guidelines for buildings and facilities as contained in the appendix to~~
7 ~~28 CFR 36, any remodeling required to meet requirements set by the state fire~~
8 ~~marshal during the inspection of a public school, and for providing an alternative~~
9 ~~education program as provided in section 57-15-17.1.~~
- 10 k. ~~Participating in cooperative career and technical education programs approved~~
11 ~~by the state board.~~
- 12 l. ~~Maintaining a career and technical education program approved by the state~~
13 ~~board and established only for that school district.~~
- 14 m. ~~Paying the cost of purchasing, contracting, operating, and maintaining~~
15 ~~schoolbuses.~~
- 16 n. ~~Establishing and maintaining school library services.~~
- 17 o. ~~Equipping schoolbuses with two-way communications and central station~~
18 ~~equipment and providing for the installation and maintenance of such equipment.~~
- 19 p. ~~Establishing free public kindergartens in connection with the public schools of the~~
20 ~~district for the instruction of resident children below school age during the regular~~
21 ~~school term.~~
- 22 q. ~~Establishing, maintaining, and conducting a public recreation system.~~
- 23 r. ~~The district's share of contribution to finance an interdistrict cooperative~~
24 ~~agreement authorized by section 15-1-09-40.~~
- 25 2. ~~This limitation does not apply to mill levies pursuant to subdivisions a, c, f, and j of~~
26 ~~subsection 1. If a school district maintained a levy to finance either its participation in a~~
27 ~~cooperative career and technical education program or its sponsorship of~~
28 ~~single-district career and technical education programs prior to July 1, 1983, and the~~
29 ~~district discontinues its participation in or sponsorship of those career and technical~~
30 ~~education programs, that district must reduce the proposed aggregated expenditure~~

1 amount for which its general fund levy is used by the dollar amount raised by its prior
2 levy for the funding of those programs.

3 ~~3. All proceeds of any levy established pursuant to this section must be placed in the~~
4 ~~school district's general fund account and may be expended to achieve the purposes~~
5 ~~for which the taxes authorized by this section are levied. Proceeds from levies~~
6 ~~established pursuant to this section and funds provided to school districts pursuant to~~
7 ~~chapter 15.1-27 may not be transferred to the building fund within the school district.~~

8 1. The board of a school district may levy a tax not exceeding the amount in dollars that
9 the school district levied for the prior year, plus twelve percent, up to a levy of sixty
10 mills on the taxable valuation of the district for any purpose related to the provision of
11 educational services. The proceeds of this levy must be deposited into the school
12 district's general fund and used in accordance with this subsection. The proceeds may
13 not be transferred into any other fund.

14 2. The board of a school district may levy no more than twelve mills on the taxable
15 valuation of the district for miscellaneous purposes and expenses. The proceeds of
16 this levy must be deposited into a special fund known as the miscellaneous fund and
17 used in accordance with this subsection. The proceeds may not be transferred into
18 any other fund.

19 3. The board of a school district may levy no more than three mills on the taxable
20 valuation of the district for deposit into a special reserve fund, in accordance with
21 chapter 57-19.

22 4. The board of a school district may levy no more than the number of mills necessary,
23 on the taxable valuation of the district, for the payment of tuition, in accordance with
24 section 15.1-29-15. The proceeds of this levy must be deposited into a special fund
25 known as the tuition fund and used in accordance with this subsection. The proceeds
26 may not be transferred into any other fund.

27 5. Nothing in this section limits the board of a school district from levying:

28 a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and

29 b. Mills necessary to pay principal and interest on the bonded debt of the district.

30 **SECTION 24. AMENDMENT.** Section 57-15-14.5 of the North Dakota Century Code is
31 amended and reenacted as follows:

57-15-14.5. Long-distance learning and educational technology levy --~~Voter approval.~~

- ~~1. The school board of a public school district may, upon approval by a majority vote of the qualified electors of the school district voting on the question at any regular or special election, dedicate a tax levy for purposes of this section not to exceed five mills on the dollar of taxable valuation of property within the district.~~
- ~~2. All revenue accruing from the levy under this section must be used only for purposes of establishing and maintaining long-distance learning and purchasing and maintaining educational technology. For purposes of this section, educational technology includes computer software, computers and computer networks, other computerized equipment, which must be used for student instruction, and the salary of a staff person to supervise the use and maintenance of educational technology.~~
- ~~3. If the need for the fund terminates, the governing board of the public school district shall order the termination of the levy and~~On July 1, 2013, each school district shall transfer the remaining~~any balance remaining in its long-distance learning and educational technology fund~~ to the general fund of the school district.

SECTION 25. AMENDMENT. Section 57-15-17 of the North Dakota Century Code is amended and reenacted as follows:

57-15-17. Disposition of building fund tax.

Revenue raised for building purposes shall be disposed of as follows:

1. a. All revenue accruing from appropriations or tax levies for a school district building fund together with such amounts as may be realized for building purposes from all other sources must be placed in a separate fund known as a school building fund and must be deposited, held, or invested in the same manner as the sinking funds of such school district or in the purchase of shares or securities of federal or state-chartered savings and loan associations within the limits of federal insurance.
- b. The funds may only be used for the following purposes:
 - (1) ~~The erection~~construction of new school district buildings ~~or~~and facilities, ~~or additions to old;~~
 - (2) The renovation, repair, or expansion of school district buildings ~~or~~and facilities, or the making of major repairs to existing buildings or facilities, or

improvements to school land and site. For purposes of this paragraph,
facilities may include parking lots, athletic complexes, or any other real
property owned by the school district.;

(3) The improvement of school district buildings, facilities, and real property;

(4) The leasing of buildings and facilities;

(2)(5) The payment of rentals upon contracts with the state board of public school
education.;

(3)(6) The payment of rentals upon contracts with municipalities for career and
technical education facilities financed pursuant to chapter 40-57.;

(4) ~~Within the limitations of school plans as provided in subsection 2 of section
57-15-16.;~~ and

(5)(7) The payment of principal, ~~premium, if any~~premiums, and interest on bonds
issued ~~pursuant to~~ in accordance with subsection 7 of section 21-03-07.

(6) ~~The payment of premiums for fire and allied lines, liability, and multiple peril
insurance on any building and its use, occupancy, fixtures, and contents.~~

c. The custodian of the funds may pay out the funds only upon order of the school
board, signed by the president and the business manager of the school
district. The order must recite upon its face the purpose for which payment
is made.

2. Any moneys remaining in a school building fund after the completion of the payments
for any school building project which has cost seventy-five percent or more of the
amount in such building fund at the time of letting the contracts therefor shall be
returned to the general fund of the school district upon the order of the school board.
3. The governing body of any school district may pay into the general fund of the school
district any moneys which have remained in the school building fund for a period of ten
years or more, and such district may include the same as a part of its cash on hand in
making up its budget for the ensuing year. In determining what amounts have
remained in said fund for ten years or more, all payments which have been paid from
the school building fund for building purposes shall be considered as having been paid
from the funds first acquired.

- 1 4. Whenever collections from the taxes levied for the current budget and other income
2 are insufficient to meet the requirements for general operating expenses, a majority of
3 the governing body of a school district may transfer unobligated funds from the school
4 building fund into the general fund of the school district if the school district has issued
5 certificates of indebtedness equal to fifty percent of the outstanding uncollected
6 general fund property tax. No school district may transfer funds from the school
7 building fund into the general fund for more than two years.

8 **SECTION 26. AMENDMENT.** Section 57-15-17.1 of the North Dakota Century Code is
9 amended and reenacted as follows:

10 ~~57-15-17.1. School board levies -- Multiyear mercury and hazardous substance-~~
11 ~~abatement or removal -- Required remodeling -- Alternative education programs -- Heating,~~
12 ~~ventilation, and air-conditioning systems~~Discontinuation of special funds - Required
13 transfers

- 14 ~~1. The governing body of any public school district may by resolution adopted by a~~
15 ~~two-thirds vote of the school board dedicate a tax levy for purposes of this section of~~
16 ~~not exceeding fifteen mills on the dollar of taxable valuation of property within the~~
17 ~~district for a period not longer than fifteen years. The school board may authorize and~~
18 ~~issue general obligation bonds to be paid from the proceeds of this dedicated levy for~~
19 ~~the purpose of:~~
- 20 a. ~~Providing funds for the abatement or removal of mercury and other hazardous~~
21 ~~substances from school buildings in accordance with any method approved by~~
22 ~~the United States environmental protection agency and for any repair,~~
23 ~~replacement, or remodeling that results from the abatement or removal of such~~
24 ~~substances;~~
- 25 b. ~~Any remodeling required to meet specifications set by the Americans with~~
26 ~~Disabilities Act accessibility guidelines for buildings and facilities as contained in~~
27 ~~the appendix to 28 CFR 36;~~
- 28 c. ~~Any remodeling required to meet requirements set by the state fire marshal~~
29 ~~during the inspection of a public school;~~
- 30 d. ~~Providing alternative education programs; and~~

e. ~~Providing funds for the repair, replacement, or modification of any heating, ventilation, or air-conditioning systems and required ancillary systems to provide proper indoor air quality that meets American society of heating, refrigerating and air-conditioning engineers, incorporated standards.~~

2. ~~All revenue accruing from the levy under this section, except revenue deposited as allowed by subsections 3, 4, and 5 must be placed in a separate fund known as the mercury and hazardous substance abatement or removal fund and must be accounted for within the capital projects fund group and disbursements must be made from such funds within this fund group for the purpose of mercury and hazardous substance abatement or removal.~~

3. ~~All revenue accruing from up to five mills of the fifteen-mill levy under this section must be placed in a separate fund known as the required remodeling fund and must be accounted for within the capital projects fund group and disbursements must be made from such funds within this fund group for the purpose of required remodeling, as set forth in subsection 1.~~

4. ~~All revenue accruing from up to ten mills of the fifteen-mill levy under this section may be placed in a separate fund known as the alternative education program fund. Disbursement may be made from the fund for the purpose of providing an alternative education program but may not be used to construct or remodel facilities used to accommodate an alternative education program.~~

5. ~~All revenue accruing from the levy under this section, except revenue deposited as allowed by subsections 2, 3, and 4, must be placed in a separate fund known as the heating, ventilation, and air-conditioning upgrade fund and must be accounted for within the capital projects fund group and disbursements must be made from such funds within this fund group for the purpose of improving indoor air quality.~~

6. Any~~On July 1, 2013, each school district shall transfer to its building fund or its general fund any~~ moneys remaining in the mercury and hazardous substance abatement or removal fund after completion of the principal and interest payments for any bonds issued for any school mercury and hazardous substance abatement or removal project, any funds, any moneys remaining in the required remodeling fund after completion of the remodeling projects, any funds, any moneys remaining in the

alternative education program fund ~~at the termination of the program, and any funds/moneys~~ remaining in the heating, ventilation, and air-conditioning upgrade fund after completion of the principal and interest payments for any bonds issued for any indoor air quality project must be transferred to the general fund of the school district upon the order of the school board.

SECTION 27. 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 28. AMENDMENT. Section 57-19-01 of the North Dakota Century Code is amended and reenacted as follows:

57-19-01. School district may establish special reserve fund.

Each school district in this state may establish and maintain a special reserve fund ~~which must be separate and distinct from all other funds now authorized by law and which may not exceed in amount at any one time the sum.~~ The balance of moneys in the fund may not exceed

1 ~~that~~ which could be produced by a levy of the maximum ~~mill-levy~~number of mills allowed by law
2 in that district for that year.

3 **SECTION 29. AMENDMENT.** Section 57-19-02 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **57-19-02. Special reserve fund - Separate trust fund.**

6 ~~The special reserve fund is a separate trust fund for the use and benefit of the school-~~
7 ~~district, to be drawn upon as provided in this chapter.~~

- 8 1. Moneys in the fund may be deposited, held, or invested in the same manner as the
9 sinking fund of the district or in the purchase of shares or securities of federal savings
10 and loan associations or state-chartered building and loan associations, within the
11 limits of federal insurance. ~~The school district business manager shall annually, upon a~~
12 ~~resolution of the school board,~~
- 13 2. ~~Annually, the board of the school district shall transfer to the school district general~~
14 ~~fund any part or all of the investment income or~~and ~~interest earned by the principal~~
15 ~~amount of the school district's of the~~ special reserve fund.
- 16 3. ~~On July 1, 2013, the board of the school district shall transfer from the special reserve~~
17 ~~fund to the district's general fund any amount that exceeds the limitation in section~~
18 ~~57-19-01.~~

19 **SECTION 30. AMENDMENT.** Section 57-19-09 of the North Dakota Century Code is
20 amended and reenacted as follows:

21 **57-19-09. When fund may be transferred.**

22 Any school district which has heretofore by mistake, or for any other reason, considered all
23 or any part of a special reserve fund, as provided for in chapter 57-19, in determining the
24 budget for the school district which has deducted all or any part of the funds in such special
25 reserve fund from the amount necessary to be levied for any school fiscal year, may transfer
26 from the special reserve fund into the general fund all or any part of such amounts which have
27 been so considered contrary to the provisions of section 57-19-05. ~~Any school district special-~~
28 ~~reserve fund and the tax levy therefor may be discontinued by a vote of sixty percent of the~~
29 ~~electors of the school district voting upon the question at any special or general election.~~
30 Any moneys remaining unexpended in suchthe special reserve fund must be transferred to the
31 ~~building or general fund of the school district. The discontinuance of a special reserve fund shall~~

1 ~~not decrease the school district tax levies otherwise provided for by law by more than twenty-~~
2 ~~percent. A special reserve fund and the tax levy therefor which has been discontinued may be-~~
3 ~~reinstated by a vote of sixty percent of the electors of the school district voting upon the-~~
4 ~~question at any special or general election.~~

5 **SECTION 31. LEGISLATIVE MANAGEMENT STUDY - ACCOUNTABILITY.** During the
6 2013-14 interim, the legislative management shall consider studying accountability in
7 elementary and secondary education. The study should include a review of the historical basis
8 for adequacy funding, as set forth in the 2008 report by Lawrence O. Picus and Associates, the
9 recommendations of the Commission on Education Improvement regarding adequacy funding,
10 and the enactments of the sixty-first, sixty-second, and sixty-third legislative assemblies in that
11 regard. The study should examine the performance of North Dakota students in state and
12 national assessments to determine whether recent legislative efforts have effected measurable
13 improvements in student achievement. The study also should examine high school curricular
14 requirements and content standards to determine whether students are being adequately
15 prepared for the various assessments and for their first year of enrollment in institutions of
16 higher education. The legislative management shall report its findings and recommendations,
17 together with any legislation required to implement the recommendations, to the sixty-fourth
18 legislative assembly.

19 **SECTION 32. REPEAL.** Sections 15.1-27-07.1, 15.1-27-11, 15.1-27-22.1, 15.1-27-42,
20 15.1-27-43, 15.1-27-44, 15.1-32-20, 57-15-14.4, 57-19-04, and 57-19-10 and chapter 57-64 of
21 the North Dakota Century Code are repealed.