

Fifty-fifth  
Legislative Assembly  
of North Dakota

## HOUSE BILL NO. 1050

Introduced by

Legislative Council

(Education Finance Committee)

1 A BILL for an Act to amend and reenact subsection 3 of section 15-40.1-06 of the North Dakota  
2 Century Code, relating to including income in determining the equalization factor for the  
3 foundation aid program for schools; and to provide an effective date.

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

5 **SECTION 1. AMENDMENT.** Subsection 3 of section 15-40.1-06 of the 1995  
6 Supplement to the North Dakota Century Code is amended and reenacted as follows:

7 3. In determining the amount of payments due school districts for tuition  
8 apportionment provided in section 15-44-03, and per student aid under this section,  
9 the amount of tuition apportionment, foundation aid, special education aid, and  
10 transportation aid for which a school district is eligible must be added together, and  
11 from that total, the following amounts must be subtracted:

12 a. The product of ~~twenty-eight~~ sixteen mills for the ~~1995-96 school year and~~  
13 ~~thirty-two mills for the 1996-97 school year~~ times the latest available net  
14 assessed and equalized valuation of property of the school district. For  
15 succeeding school years, the number of mills to be used in the computation  
16 must be determined as follows:

17 (1) The superintendent of public instruction shall determine the percentage  
18 resulting from dividing the number of mills used in the computation the  
19 previous year by the state average school district general fund mill levy.

20 (2) The superintendent of public instruction shall determine the amount of  
21 foundation aid estimated to be distributed during the current year and  
22 subtract from that the amount of foundation aid that was distributed  
23 during the prior year, and divide the result by the amount of foundation  
24 aid distributed during the prior year.

1                   (3)   The superintendent of public instruction shall multiply the quotient  
2                               determined under paragraph 2 by forty percent and shall add this  
3                               product to the percentage obtained in paragraph 1. This sum ~~shall~~  
4                               must be multiplied times the state average school district general fund  
5                               mill levy to determine the number of mills to be used in the computation  
6                               provided in subdivision a. However, the number of mills used may not  
7                               fall below ~~thirty-two~~ sixteen mills, nor rise above twenty-five percent of  
8                               the state average school district general fund mill levy.

9                   b.   An amount determined by multiplying twenty-one hundredths of one percent  
10                           times the total adjusted gross income of residents of the school district for the  
11                           most recent taxable year for which the information is available. The tax  
12                           commissioner shall certify the information required by this subdivision to the  
13                           superintendent of public instruction before August first of each year.

14                   c.   The amount that the unobligated general fund balance of a school district on  
15                           the preceding June thirtieth is in excess of three-fourths of the actual  
16                           expenditures, plus an additional twenty thousand dollars.

17                   **SECTION 2. EFFECTIVE DATE.** This Act is effective January 1, 1998.