

SENATE BILL NO. 2199

Introduced by

Senators Wardner, Cook, O'Connell

Representatives Kaldor, Monson, Svedjan

1 A BILL for an Act to create and enact two new subdivisions to subsection 3 of section
2 57-15-01.1 and chapter 57-64 of the North Dakota Century Code, relating to allocation of state
3 funds to school districts for mill levy reduction grants; to amend and reenact section 57-15-31 of
4 the North Dakota Century Code, relating to property tax levies of school districts; and to provide
5 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 mill levy reduction grant under
11 section 57-64-02 for the base year exceeds the amount of the school district's
12 mill levy 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 mill levy reduction grant under section
15 57-64-02 for the budget year exceeds the amount of the school district's mill
16 levy 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 1. The available surplus consisting of the free and unencumbered cash balance.
- 2 2. Estimated revenues from sources other than direct property taxes.
- 3 3. The total estimated collections from tax levies for previous years.
- 4 4. Such expenditures as are to be made from bond sources.
- 5 5. The amount of distributions received from an economic growth increment pool
- 6 under section 57-15-61.
- 7 6. The estimated amount to be received from payments in lieu of taxes on a project
- 8 under section 40-57.1-03.
- 9 7. The amount reported to a school district by the superintendent of public instruction
- 10 as the school district's mill levy reduction grant for the year under section 57-64-02.
- 11 Allowance may be made for a permanent delinquency or loss in tax collection not to exceed five
- 12 percent of the amount of the levy.

13 **SECTION 3.** Chapter 57-64 of the North Dakota Century Code is created and enacted
14 as follows:

15 **57-64-01. Definitions.** For purposes of this chapter:

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

23 **57-64-02. Mill levy reduction allocation and grant.** Each qualifying school district in
24 the state is entitled to a mill levy reduction allocation and grant as provided in this chapter,
25 subject to legislative appropriation to the superintendent of public instruction.

- 26 1. The mill levy reduction allocation rate for each qualifying school district is equal to
- 27 the payments to the school district based on the per student payment rate as
- 28 determined for the school year under chapter 15.1-27.
- 29 2. The grant to a qualifying school district may not exceed the smallest of:
 - 30 a. The allocation determined under subsection 1;

- 1 b. The taxable valuation of property in the school district in the previous taxable
2 year times the number of mills determined by subtracting one hundred mills
3 from the combined education mill rate of the school district for taxable year
4 2008; or
- 5 c. The taxable valuation of property in the school district times seventy-five mills.
- 6 3. The grant to a qualifying school district may not be less than the grant to that
7 school district in the preceding school year.
- 8 4. The superintendent of public instruction shall report to each qualifying school
9 district by July fifteenth of each year the mill levy reduction grant in dollars
10 available to that school district during the upcoming school year.
- 11 5. By December first, January first, February first, and March first of each school year,
12 the superintendent of public instruction shall forward to each qualifying school
13 district installments equal to twenty-five percent of the total mill levy reduction grant
14 the district is eligible to receive during that school year.
- 15 6. Allocations to a school district under this chapter are not considered per student
16 payments or state aid for purposes of chapter 15.1-27.

17 **57-64-03. School district levy compliance.**

- 18 1. To be eligible to receive a grant under this chapter, a qualifying school district must
19 establish a spending level that does not result in a combined education mill rate
20 exceeding one hundred ten mills. The certificate of levy form filed with the county
21 auditor by a qualifying school district must reflect the revenue to be received by the
22 school district under this chapter and that the combined education mill rate for the
23 school district will not exceed one hundred ten mills unless:
- 24 a. The district has approval of a majority of the electors of the school district for a
25 higher levy;
- 26 b. The higher levy is the result of a school district reorganization in compliance
27 with chapter 15.1-12; or
- 28 c. The higher levy does not produce an amount in dollars exceeding the amount
29 allowed under section 57-15-01.1 for taxable year 2008.
- 30 2. The authority under subdivision a or b of subsection 1 for a school district to levy a
31 combined education mill rate exceeding one hundred ten mills applies for not more

1 than ten taxable years after taxable year 2008 unless a majority of the electors of
2 the school district approve an extension of that authority. Approval by electors of
3 extension of levy authority under subdivision a or b of subsection 1 is effective for
4 not more than ten taxable years at a time.

5 **57-64-04. Levy reduction priority.** In setting mill rates for qualified school districts,
6 the county auditor shall apply funds allocated to a school district under this chapter for mill levy
7 reduction first to reduce the number of mills levied for general fund purposes and, if allocation
8 funds remain after the general fund mill rate is reduced to zero, the balance must be applied to
9 reduce the high school tuition levy and then to reduce the high school transportation levy of the
10 qualified school district.

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