

Introduced by

1 A BILL for an Act to amend and reenact sections 57-51.1-07.5, 57-64-02, and 57-64-03 of the  
2 North Dakota Century Code, relating to deposits of the state's share of oil and gas taxes and  
3 property tax relief through allocation of state funding to school districts for mill levy reduction  
4 grants; to provide an appropriation; to provide for a transfer; and to provide an effective date.

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

6 **SECTION 1. AMENDMENT.** Section 57-51.1-07.5 of the North Dakota Century Code is  
7 amended and reenacted as follows:

8 **57-51.1-07.5. State share of oil and gas taxes - Deposits.**

9 From the revenues designated for deposit in the state general fund under chapters 57-51  
10 and 57-51.1, the state treasurer shall deposit the revenues received each biennium as follows:

- 11 1. The first two hundred million dollars into the state general fund;
- 12 2. The next ~~three~~four hundred ~~forty-one~~three million ~~seven~~four hundred ~~ninety~~seven  
13 thousand dollars into the property tax relief sustainability fund;
- 14 3. The next one hundred million dollars into the state general fund;
- 15 4. The next one hundred million dollars into the strategic investment and improvements  
16 fund;
- 17 5. The next twenty-two million dollars into the state disaster relief fund; and
- 18 6. Any additional revenues into the strategic investment and improvements fund.

19 **SECTION 2. AMENDMENT.** Section 57-64-02 of the North Dakota Century Code is  
20 amended and reenacted as follows:

21 **57-64-02. Mill levy reduction allocation and grant.**

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

- 1        1.    The mill levy reduction allocation rate for each qualifying school district is equal to the  
2            payments to the school district based on the per student payment rate as determined  
3            for the school year under chapter 15.1-27.
- 4        2.    The grant to a qualifying school district may not exceed the smallest of:  
5            a.    The allocation determined under subsection 1;  
6            b.    The taxable valuation of property in the school district in the previous taxable  
7            year times the number of mills determined by ~~subtracting~~:  
8            (1) Subtracting one hundred mills from the combined education mill rate of the  
9            school district for taxable year 2008; and  
10           (2) Increasing the result by fifty percent of the number of general fund mills  
11           levied by the school district exceeding one hundred ten mills; or  
12           c.    The taxable valuation of property in the school district in the previous taxable  
13           year times seventy-five mills.
- 14       3.    The grant to a qualifying school district may not be less than the grant to that school  
15           district in the preceding school year.
- 16       4.    The grant to a qualifying school district may not exceed the grant to that school district  
17           in the preceding school year by a percentage that is more than the percentage  
18           increase in statewide taxable valuation which was determined for the previous taxable  
19           year.
- 20       5.    For purposes of this section, "taxable valuation" means the valuation to which the mill  
21           rate is applied to determine the amount of ad valorem taxes or payments in lieu of  
22           taxes, and includes taxable valuation determined for agricultural, residential, and  
23           commercial property; gas company property, pipeline property, power company  
24           property, and railroad property assessed by the state board of equalization under  
25           chapter 57-06; mobile homes under chapter 57-55; land controlled by the game and  
26           fish department subject to valuation under chapter 57-02.1; land owned by the board  
27           of university and school lands or the state treasurer subject to valuation under chapter  
28           57-02.3; national guard land subject to valuation under chapter 37-07.3; farmland or  
29           ranchland owned by nonprofit organizations for conservation purposes subject to  
30           valuation under section 10-06.1-10; land acquired by the state water commission for  
31           the Devils Lake project subject to valuation under chapter 61-02; a workforce safety

- 1 and insurance building and associated real property subject to valuation under section  
2 65-02-32; and carbon dioxide pipeline property subject to valuation under section  
3 57-06-17.2. For purposes of this section, "taxable valuation" includes the taxable  
4 valuation of the homestead credit reimbursed by the state under section 57-02-08.2  
5 and the disabled veterans' credit reimbursed by the state under section 57-02-08.8.
- 6 6. The superintendent of public instruction shall report to each qualifying school district  
7 by July fifteenth of each year the mill levy reduction grant in dollars available to that  
8 school district during the upcoming school year.
- 9 7. By December first, January first, February first, and March first of each school year,  
10 the superintendent of public instruction shall forward to each qualifying school district  
11 installments equal to twenty-five percent of the total mill levy reduction grant the  
12 district is eligible to receive during that school year.
- 13 8. Allocations to a school district under this chapter are not considered per student  
14 payments or state aid for purposes of chapter 15.1-27.
- 15 9. For all purposes under law relating to allocation of funds among political subdivisions  
16 based on property tax levies, property taxes levied by a school district are the amount  
17 that would have been levied without the mill reduction grant provided to the school  
18 district under this chapter.

19 **SECTION 3. AMENDMENT.** Section 57-64-03 of the North Dakota Century Code is  
20 amended and reenacted as follows:

21 **57-64-03. School district levy compliance.**

- 22 1. To be eligible to receive a grant under this chapter, a qualifying school district must  
23 establish a spending level that does not result in a general fund mill rate exceeding  
24 one hundred ten mills plus two-thirds of the number of mills determined by subtracting  
25 one hundred ten mills plus the number of mills of the grant to the school district for the  
26 previous taxable year from one hundred eighty-five. The certificate of levy form filed  
27 with the county auditor by a qualifying school district must reflect the revenue to be  
28 received by the school district under this chapter and that the general fund mill rate for  
29 the school district will not exceed ~~one hundred ten mills~~ the general fund mill rate limit  
30 as determined in this subsection unless:

- 1           a.    The district has approval of ~~a majority~~ of the electors of the school district under  
2           subsection 1 or 2 of section 57-15-14 for a higher levy;
- 3           b.    The higher levy is the result of a school district reorganization in compliance with  
4           chapter 15.1-12;
- 5           c.    The higher levy does not produce an amount in dollars exceeding the amount  
6           allowed under section 57-15-01.1 reduced by the amount of the school district's  
7           mill levy reduction grant under section 57-64-02 for the budget year; or
- 8           d.    The district has authority for a higher levy under subdivision b of subsection 2.
- 9           2.    The authority under subdivision a or b of subsection 1 for a school district to levy a  
10           general fund mill rate exceeding one hundred ten mills applies for not more than ten  
11           taxable years at a time after taxable year 2008 unless ~~a majority~~ of the electors of the  
12           school district approve an extension of that authority under subsection 1 or 2 of  
13           section 57-15-14. Approval by electors of extension of levy authority under  
14           subdivision a or b of subsection 1 is effective for not more than ten taxable years at a  
15           time. A ballot measure for approval by electors of extension of levy authority under  
16           subdivision a or b of subsection 1 is subject to the following:
- 17           a.    The ballot measure must specify the number of mills for the general fund mill rate  
18           and the number of taxable years for which approval is sought.
- 19           b.    If a ballot measure for approval of extension of levy authority under this  
20           subsection is not approved ~~by a majority~~ of the electors of the school district  
21           voting on the question, the school district general fund levy limitation for  
22           subsequent years is subject to the limitations as determined for the school  
23           district's budget year under section 57-15-01.1 or 57-15-14, whichever produces  
24           the higher levy limitation.

25           **SECTION 4. APPROPRIATION.** There is appropriated out of any moneys in the general  
26           fund in the state treasury, not otherwise appropriated, the sum of \$403,407,000, or so much of  
27           the sum as may be necessary, to the superintendent of public instruction for the purpose of  
28           allocation of mill levy reduction grants to school districts under chapter 57-64, for the biennium  
29           beginning July 1, 2013, and ending June 30, 2015.

- 1       **SECTION 5. TRANSFER - PROPERTY TAX RELIEF SUSTAINABILITY FUND -**  
2 **GENERAL FUND.** The office of management and budget shall transfer the sum of  
3 \$341,790,000 from the property tax relief sustainability fund to the general fund on July 1, 2013.  
4       **SECTION 6. EFFECTIVE DATE.** This Act is effective July 1, 2013.