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Sixty-third
Legislative Assembly
of North Dakota

SECOND ENGROSSMENT

REENGROSSED HOUSE BILL NO. 1319

Introduced by

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

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

A BILL for an Act to create and enact sections 15.1-27-04.1, 15.1-27-04.2, and 15.1-27-45 of the North Dakota Century Code, relating to determination of state aid payable to school districts; to amend and reenact sections 15-39.1-28, 15.1-09-33, 15.1-09-39, 15.1-09-40, 15.1-09-47, 15.1-09-48, 15.1-09-49, 15.1-22-01, 15.1-27-03.1, 15.1-27-03.2, 15.1-27-17, 15.1-27-35, 15.1-27-39, 15.1-29-15, 15.1-30-04, 15.1-36-02, 40-55-08, 40-55-09, 57-15-01.1, 57-15-14, 57-15-14.2, 57-15-14.5, 57-15-17, 57-15-17.1, 57-15-31, 57-19-01, 57-19-02, 57-19-09, and 57-20-07.1 of the North Dakota Century Code, relating to the determination of state aid payable to school districts; to repeal sections 15.1-27-07.1 and 57-19-10 of the North Dakota Century Code, relating to kindergarten payments and special reserve funds; to provide an appropriation; to provide for a legislative management study; to provide for a suspension; to provide an effective date; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 15-39.1-28 of the North Dakota Century Code is amended and reenacted as follows:

15-39.1-28. Tax levy for teachers' retirement.

Any school district by a resolution of its school board may ~~levy a tax pursuant to subdivision b of subsection 1 of~~use the proceeds of levies, as permitted by section 57-15-14.2, ~~the proceeds to be used~~ for the purposes of meeting the district's contribution to the fund arising under this chapter and to provide the district's share, if any, of contribution to the fund for contracted employees of either a multidistrict special education board or another school district where the contracted employees are also providing services to the taxing school district.

SECTION 2. AMENDMENT. Section 15.1-09-33 of the North Dakota Century Code is amended and reenacted as follows:

15.1-09-33. School board - Powers.

The board of a school district may:

1. Establish a system of free public schools for all children of legal school age residing within the district.
2. Organize, establish, operate, and maintain elementary, middle, and high schools.
3. Have custody and control of all school district property and, in the case of the board of education of the city of Fargo, have custody and control of all public school property within the boundaries of the Fargo public school district and to manage and control all school matters.
4. Acquire real property and construct school buildings and other facilities.
5. Relocate or discontinue schools and liquidate the assets of the district as required by law; provided no site may be acquired or building constructed, or no school may be organized, established, operated, maintained, discontinued, or changed in location without the approval of the state board of public school education if outside the boundary of the district.
6. Purchase, sell, exchange, and improve real property.
7. Lease real property for a maximum of one year except in the case of a career and technical education facility constructed in whole or in part with financing acquired under chapter 40-57, which may be leased for up to twenty years.
8. Subject to chapter 32-15, exercise the power of eminent domain to acquire real property for school purposes.
9. Purchase, sell, exchange, improve, and lease for up to one year equipment, furniture, supplies, and textbooks.
10. Recruit or contract with others to recruit homes and facilities which provide boarding care for special education students.
11. Provide dormitories for the boarding care of special education students.
12. Insure school district property.
13. Independently or jointly with other school districts, purchase telecommunications equipment or lease a telecommunications system or network.
14. Provide for the education of students by another school district.
15. Contract with federal officials for the education of students in a federal school.

16. Prescribe courses of study in addition to those prescribed by the superintendent of public instruction or by law.
17. Adopt rules regarding the instruction of students, including their admission, transfer, organization, grading, and government.
18. Join the North Dakota high school activities association and pay membership fees.
19. Adopt alternative curricula for high school seniors who require fewer than four academic units.
20. Contract with, employ, and compensate school district personnel.
21. Contract with and provide reimbursement for the provision of teaching services by an individual certified as an instructor in the areas of North Dakota American Indian languages and culture by the education standards and practices board.
22. Suspend school district personnel.
23. Dismiss school district personnel.
24. Participate in group insurance plans and pay all or part of the insurance premiums.
25. Contract for the services of a district superintendent, provided that the contract, which may be renewed, does not exceed a period of three years.
26. Contract for the services of a principal.
27. Employ an individual to serve as the school district business manager or contract with any person to perform the duties assigned to a school district business manager by law.
28. Suspend or dismiss a school district business manager for cause without prior notice.
29. Suspend or dismiss a school district business manager without cause with thirty days' written notice.
30. Defray the necessary and contingent expenses of the board.
31. Levy a tax upon property in the district for school purposes, as permitted in accordance with chapter 57-15.
32. Amend and certify budgets and tax levies, as provided in title 57.
33. Pay dues allowing for the board to hold membership in city, county, state, and national organizations and associations.
34. Designate, at its annual meeting, a newspaper of general circulation as the official newspaper of the district.

SECTION 3. AMENDMENT. Section 15.1-09-39 of the North Dakota Century Code is amended and reenacted as follows:

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

1. Notwithstanding any other provision of law, the board of a school district in this state may contract with the board of a school district in another state for the joint operation and maintenance of school facilities and for joint activities, if the districts are contiguous. To be valid, the contract must be approved by the superintendent of public 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 4. 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 5. 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.

~~1.~~ 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.~~

~~b. To build, purchase, lease, enlarge, alter, improve, and repair schools and their appurtenances.~~

~~c. To procure, exchange, improve, and repair school apparati, books, furniture, and appendages, but not the furnishing of textbooks to any student whose parent is unable to furnish the same.~~

~~d. To provide fuel.~~

~~e. To defray the contingent expenses of the board, including the compensation of employees.~~

~~f. To pay teacher salaries after the application of public moneys, which may by law be appropriated and provided for that purpose.~~

~~2. The question of authorizing or discontinuing the unlimited taxing authority of the board of education of the city of Fargo must be submitted to the qualified electors of the Fargo school district at the next regular election upon resolution of the board of education or upon filing with the board a petition containing the signatures of qualified electors of the district equal in number to twenty percent of the individuals enumerated in the most recent school district census. However, if the electors approve a discontinuation of the unlimited taxing authority, their approval of the discontinuation may not affect the tax levy effective for the calendar year in which the election is held. In addition, the minimum levy may not be less than the levy that was in force at the time of the election. The board may increase its levy in accordance with section 57-15-01. If the district experiences growing enrollment, the board may increase the levy by an amount equal to the amount levied the preceding year per student times the~~

~~number of additional students enrolled during the new year~~within the requirements or limitations of this title and title 57.

SECTION 6. AMENDMENT. Section 15.1-09-48 of the North Dakota Century Code is amended and reenacted as follows:

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

The board of education of the city of Fargo ~~has the power to~~may levy taxes within the boundaries of the Fargo public school district and ~~to~~ cause ~~such~~the taxes to be collected in the same manner as other city taxes, provided the taxes meet the requirements or limitations of this 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 7. 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 8. 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 9. 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 miles [19424.9 hectares], provided that any school district consisting of an area greater than six hundred square miles [155399 hectares] and enrolling fewer than fifty students in average daily membership must be deemed to have an enrollment equal to fifty students in average daily membership;

k. 0.079 the number of students enrolled in average daily membership, in order to support the provision of special education services;

l. 0.07 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 second of six categories of proficiency and therefore placed in the third of six categories of proficiency;

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

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

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

n. 0.006 the number of students enrolled in average daily membership in each public school in the district that:

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

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

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

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

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

(Effective July 1, 2013, through 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. 0.15 the number of full-time equivalent students in grades six through eight enrolled in an alternative education program for at least an average of fifteen hours per week;

k. 0.10 the number of students enrolled in average daily membership, if the district has fewer than one hundred twenty-five students enrolled in average daily membership and the district consists of an area greater than two hundred seventy-five square miles [19424.9 hectares], provided that any school district consisting of an area greater than six hundred square miles [155399 hectares] and enrolling fewer than fifty students in average daily membership must be deemed to have an enrollment equal to fifty students in average daily membership;

l. ~~0.079~~0.082 the number of students enrolled in average daily membership, in order to support the provision of special education services;

m. 0.07 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 second of six categories of proficiency and therefore placed in the third of six categories of proficiency;

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

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

n. 0.025 the number of students representing that percentage of the total number of students in average daily membership which is equivalent to the three-year average percentage of students in grades three through eight who are eligible for

free or reduced lunches under the Richard B. Russell National School Lunch Act [42 U.S.C. 1751 et seq.];

o. ~~0.006~~0.003 the number of students enrolled in average daily membership in each public school in the district that:

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

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

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

p. ~~0.004~~0.002 the number of students enrolled in average daily membership in a school district that is a participating member of a regional education association meeting the requirements of chapter 15.1-09.1.

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

SECTION 10. AMENDMENT. Section 15.1-27-03.2 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-03.2. School district size weighting factor - Weighted student units.

1. For each high school district in the state, the superintendent of public instruction shall assign a school district size weighting factor of:

a. ~~1.25~~1.35 if the students in average daily membership number fewer than ~~185~~125;

b. 1.34 if the students in average daily membership number at least 125 but fewer than 130;

c. 1.33 if the students in average daily membership number at least 130 but fewer than 135;

d. 1.32 if the students in average daily membership number at least 135 but fewer than 140;

e. 1.31 if the students in average daily membership number at least 140 but fewer than 145;

f. 1.30 if the students in average daily membership number at least 145 but fewer than 150;

g. 1.29 if the students in average daily membership number at least 150 but fewer than 155;

h. 1.28 if the students in average daily membership number at least 155 but fewer than 160;

i. 1.27 if the students in average daily membership number at least 160 but fewer than 165;

j. 1.26 if the students in average daily membership number at least 165 but fewer than 175;

k. 1.25 if the students in average daily membership number at least 175 but fewer than 185;

~~b.~~l. 1.24 if the students in average daily membership number at least 185 but fewer than 200;

~~c.~~m. 1.23 if the students in average daily membership number at least 200 but fewer than 215;

~~d.~~n. 1.22 if the students in average daily membership number at least 215 but fewer than 230;

~~e.~~o. 1.21 if the students in average daily membership number at least 230 but fewer than 245;

~~f.~~p. 1.20 if the students in average daily membership number at least 245 but fewer than 260;

~~g.~~q. 1.19 if the students in average daily membership number at least 260 but fewer than 270;

~~h.~~r. 1.18 if the students in average daily membership number at least 270 but fewer than 275;

~~i.~~s. 1.17 if the students in average daily membership number at least 275 but fewer than 280;

~~j.~~t. 1.16 if the students in average daily membership number at least 280 but fewer than 285;

~~k.~~u. 1.15 if the students in average daily membership number at least 285 but fewer than 290;

~~l.~~v. 1.14 if the students in average daily membership number at least 290 but fewer than 295;

~~m.~~w. 1.13 if the students in average daily membership number at least 295 but fewer than 300;

~~n.~~x. 1.12 if the students in average daily membership number at least 300 but fewer than 305;

~~o.~~y. 1.11 if the students in average daily membership number at least 305 but fewer than 310;

~~p.~~z. 1.10 if the students in average daily membership number at least 310 but fewer than 320;

~~q.~~aa. 1.09 if the students in average daily membership number at least 320 but fewer than 335;

~~r.~~bb. 1.08 if the students in average daily membership number at least 335 but fewer than 350;

~~s.~~cc. 1.07 if the students in average daily membership number at least 350 but fewer than 360;

~~t.~~dd. 1.06 if the students in average daily membership number at least 360 but fewer than 370;

~~u.~~ee. 1.05 if the students in average daily membership number at least 370 but fewer than 380;

~~v.~~ff. 1.04 if the students in average daily membership number at least 380 but fewer than 390;

~~w.~~gg. 1.03 if the students in average daily membership number at least 390 but fewer than 400;

~~x.~~hh. 1.02 if the students in average daily membership number at least 400 but fewer than 600;

~~y.~~ii. 1.01 if the students in average daily membership number at least 600 but fewer than 900; and

~~z.~~jj. 1.00 if the students in average daily membership number at least 900.

2. For each elementary district in the state, the superintendent of public instruction shall assign a weighting factor of:

a. 1.25 if the students in average daily membership number fewer than 125;

b. 1.17 if the students in average daily membership number at least 125 but fewer than 200; and

c. 1.00 if the students in average daily membership number at least 200.

3. The school district size weighting factor determined under this section and multiplied by a school district's weighted average daily membership equals the district's weighted student units.

4. Notwithstanding the provisions of this section, the school district size weighting factor assigned to a district may not be less than the factor arrived at when the highest number of students possible in average daily membership is multiplied by the school district size weighting factor for the subdivision immediately preceding the district's actual subdivision and then divided by the district's average daily membership.

SECTION 11. Section 15.1-27-04.1 of the North Dakota Century Code is created and enacted as follows:

15.1-27-04.1. Baseline funding - Establishment - Determination of state aid.

1. In order to determine the amount of state aid payable to each district, the superintendent of public instruction shall establish each district's baseline funding. A district's baseline funding consists of:

a. All state aid received by the district in accordance with chapter 15.1-27 during the 2012-13 school year;

b. The district's 2012-13 mill levy reduction grant, as determined in accordance with chapter 57-64, as it existed on June 30, 2013;

c. An amount equal to that raised by the district's 2012 general fund levy or that raised by one hundred ten mills of the district's 2012 general fund levy, whichever is less;

d. An amount equal to that raised by the district's 2012 long distance learning and educational technology levy;

e. An amount equal to that raised by the district's 2012 alternative education program levy; and

f. An amount equal to seventy-five percent of all:

(1) Mineral revenue 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 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 resident 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 superintendent shall divide the district's total baseline funding by the district's 2012-13 weighted student units in order to determine the district's baseline funding per weighted student unit.

3. a. In 2013-14, the superintendent shall multiply the district's weighted student units by eight thousand eight hundred ten dollars.

(1) The superintendent shall adjust the product to ensure that the product is at least equal to the greater of:

(a) One hundred two percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's 2013-14 weighted student units; or

(b) One hundred percent of the district's baseline funding as established in subsection 1.

(2) The superintendent shall also adjust the product to ensure that the product does not exceed one hundred ten percent of the district's baseline funding per weighted student unit multiplied by the district's 2013-14 weighted student units, as established in subsection 2.

b. In 2014-15, the superintendent shall multiply the district's weighted student units by nine thousand ninety-two dollars.

(1) The superintendent shall adjust the product to ensure that the product is at least equal to the greater of:

(a) One hundred four percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's 2014-15 weighted student units; or

(b) One hundred percent of the district's baseline funding as established in subsection 1.

(2) The superintendent shall also adjust the product to ensure that the product does not exceed one hundred twenty percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's 2014-15 weighted student units.

4. After determining the product in accordance with subsection 3, the superintendent of public instruction shall:

a. Subtract an amount equal to seventy mills multiplied by the taxable valuation of the school district; and

b. Subtract an amount equal to seventy-five percent of all revenues listed in paragraphs 1 through 8 of subdivision f of subsection 1.

5. The amount remaining after the computation required under subsection 4 is the amount of state aid to which a school district is entitled, subject to any other statutory requirements or limitations.

SECTION 12. 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 seventy mills times the state average valuation per student multiplied by the number of weighted student units in the district.

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

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

1. Notwithstanding ~~the provisions of~~ section 15.1-27-03.2, the superintendent of public instruction shall create and assign a separate weighting factor to~~:~~
   ~~a. Any school district that reorganized on or before June 30, 2007, and which was receiving per student payments in accordance with section 15.1-27-17, as that section existed on June 30, 2007; and~~
   ~~b.~~ ~~Any~~ any school district that reorganizes on or after July 1, 2007.
2. a. The separate weighting factor must allow the reorganized school district to receive a payment rate equivalent to that which each separate school district would have received had the reorganization not taken place.
   b. The separate weighting factor must be computed to four decimal places.
   c. The provisions of this subsection are effective for a period of four years from the date of the reorganization.
3. At the beginning of the fifth and at the beginning of the sixth years after the date of the reorganization, the superintendent of public instruction shall make proportionate 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:
   a. The three holidays listed in subdivisions b through j of subsection 1 of section 15.1-06-02 and selected by the school board in consultation with district teachers;

b. The two days set aside for professional development activities under section 15.1-06-04; and

c. The two full days, or portions thereof, during which parent-teacher conferences are held or which are deemed by the board of the district to be compensatory time for parent-teacher conferences held outside regular school hours.

3. For purposes of calculating average daily membership:

a. A student enrolled full time in any grade from one through twelve may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.

b. A student enrolled full time in an approved regular education kindergarten program may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.

c. A student enrolled full time, as defined by the superintendent of public instruction, in an approved early childhood special education program may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.

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

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

~~1. Beginning with the 2005-06 school year, the board of each school district shall provide to each full-time teacher, under contract for a period of nine months, a minimum salary level for the contract period equal to at least twenty-two thousand dollars.~~

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

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

15.1-27-45. Property tax relief fund.

1. The property tax relief fund is a special fund in the state treasury. On July 1, 2013, the state treasurer shall change the name of the property tax relief sustainability fund

established under section 57-64-05 to property tax relief fund as established by this section and any unobligated balance in the property tax relief sustainability fund must be retained in the property tax relief fund. Moneys in the property tax relief fund may be expended pursuant to legislative appropriations for property tax relief programs.

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

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

15.1-29-15. Levy for tuition payments.

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

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

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

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

SECTION 19. AMENDMENT. Section 15.1-36-02 of the North Dakota Century Code is 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.

~~5.~~4. If an eligible school district's ~~imputed~~ taxable valuation per student is equal to at least eighty percent but less than ninety 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 ~~ten~~fifteen million dollars or ~~seventy~~eighty percent of the actual project cost;

b. An interest rate buydown equal to at least one hundred but not more than ~~two~~three hundred fifty basis points below the prevailing tax-free bond rates; and

c. A term of repayment that may extend up to twenty years.

~~6.~~5. If an eligible school district's ~~imputed~~ taxable valuation per student is equal to at least ninety 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 ~~four~~ten million dollars or ~~thirty~~seventy percent of the actual project cost;

b. An interest rate discount equal to at least one hundred but not more than ~~two~~three hundred ~~fifty~~ basis points below the prevailing tax-free bond rates; and

c. A term of repayment that may extend up to twenty years.

~~7.~~6. The board of a school district may submit its loan application to the superintendent of public instruction before or after receiving authorization of a bond issue in accordance with chapter 21-03. If the vote to authorize a bond issue precedes the application for a loan, the application must be acted upon by the superintendent expeditiously but no later than one hundred eighty days from the date it is received by the superintendent.

~~8.~~7. The superintendent of public instruction shall consider each loan application in the order it received approval under section 15.1-36-01.

~~9.~~8. If the superintendent of public instruction approves the loan, the superintendent may determine the loan amount, the term of the loan, and the interest rate, in accordance with the requirements of this section.

~~10. The superintendent of public instruction may adopt rules governing school construction loans.~~

9. a. If a school district seeking a loan under this section received an allocation of the oil and gas gross production tax during the previous fiscal year in accordance with chapter 57-51, the board of the district shall provide to the board of university and school lands its evidence of indebtedness indicating that the loan originated under this section.

b. If the evidence of indebtedness is payable solely from the school district's allocation of the oil and gas gross production tax in accordance with section

57-51-15, the loan does not constitute a general obligation of the school district and may not be considered a debt of the district.

c. If a loan made to a school district is payable solely from the district's allocation of the oil and gas gross production tax in accordance with section 57-51-15, the terms of the loan must require that the county treasurer withhold the dollar amount or percentage specified in the loan agreement, from each of the district's oil and gas gross production tax allocations in order to repay the principal and interest of the evidence of indebtedness. The county treasurer shall transfer any amount withheld under this subdivision to the state treasurer. The state treasurer shall deposit the amount withheld into the fund from which the loan originated.

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

~~11.~~10. For purposes of this section, a "construction project" means the purchase, lease, erection, or improvement of any structure or facility by a school board, provided the acquisition or activity is within a school board's authority.

SECTION 20. AMENDMENT. Section 40-55-08 of the North Dakota Century Code is amended and reenacted as follows:

40-55-08. Election to determine desirability of establishing recreation system - How called.

The governing body of any municipality, school district, or park district to which this chapter is applicable, may and upon receipt of a petition signed by at least ten qualified electors but not less than five percent of those qualified electors who voted at the last general election of the municipality, school district, or park district, shall submit to the qualified electors the question of the establishment, maintenance, and conduct of a public recreation system, and except in the case of a school district, the levying of an annual tax for the conduct and maintenance thereof of not more than two and five-tenths mills on each dollar of taxable valuation of all taxable property within the corporate limits or boundaries of such municipality or park district, to be voted upon at the next general election or special municipal election; provided, however, that such questions may not be voted upon at the next general election unless such action of the governing body shall be taken, or such petition to submit such question shall be filed thirty days

prior to the date of such election. A school district may ~~levy a tax~~provide for the establishment, maintenance, and conduct of a public recreation system ~~pursuant to subdivision q of subsection 1 of~~using the proceeds of levies, as permitted by section 57-15-14.2.

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

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

Except in the case of a school district or park district, upon adoption of the public recreation system proposition at an election by a majority of the votes cast upon the proposition, the governing body of the municipality, by resolution or ordinance, shall provide for the establishment, maintenance, and conduct of a public recreation system, and thereafter levy and collect annually a tax of not more than two and five-tenths mills, or not more than eight and five-tenths mills if authorized as provided by this section, on each dollar of the taxable valuation of all taxable property within the corporate limits or boundaries of the municipality. This tax is in addition to the maximum of taxes permitted to be levied in such municipality. The mill levy authorized by this section may be raised to not more than eight and five-tenths mills when the increase is approved by the citizens of the municipality after submission of the question in the same manner as provided in section 40-55-08 for the establishment of the public recreation system. The governing body of the municipality shall continue to levy the tax annually for public recreation purposes until the qualified voters, at a regular or special election, by a majority vote on the proposition, decide to discontinue the levy. The governing body of the municipality may appropriate additional funds for the operation of the public recreation system if in the opinion of the governing body additional funds are needed for the efficient operation thereof. This chapter does not limit the power of any municipality, school district, or park district to appropriate on its own initiative general municipal, school district, or park district tax funds for the operation of a public recreation system, a community center, or character-building facility. ~~A school district may levy a tax annually for the conduct and maintenance of a public recreation system pursuant to subdivision q of subsection 1 of section 57-15-14.2.~~ A park district may levy a tax annually within the general fund levy authority of section 57-15-12 for the conduct and maintenance of a public recreation system.

SECTION 22. AMENDMENT. Section 57-15-01.1 of the North Dakota Century Code is amended and reenacted as follows:

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

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

1. No taxing district may levy more taxes expressed in dollars than the amounts allowed by this section.
2. For purposes of this section:
   a. "Base year" means the taxing district's taxable year with the highest amount levied in dollars in property taxes of the three taxable years immediately preceding the budget year. For a park district general fund, the "amount levied in dollars in property taxes" is the sum of amounts levied in dollars in property taxes for the general fund under section 57-15-12 including any additional levy approved by the electors, the insurance reserve fund under section 32-12.1-08, the employee health care program under section 40-49-12, the public recreation system under section 40-55-09 including any additional levy approved by the 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 irrepealable 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.
7. Optional levies under this section may be used by any city or county that has adopted a home rule charter unless the provisions of the charter supersede state laws related to property tax levy limitations.

SECTION 23. AMENDMENT. Section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

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

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

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

~~1.~~ a. In any school district having a total population in excess of four thousand according to the last federal decennial census there may be levied any specific number of mills that upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.

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

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

~~4.~~ d. The authority for a levy of up to a specific number of mills under this section 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 fifteen 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 forty 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 eighty 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 24. 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 account~~School 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.~~

~~j. The removal of asbestos substances from school buildings or the abatement of asbestos substances in school buildings under any method approved by the United States environmental protection agency and any repair, replacement, or remodeling that results from such removal or abatement, any remodeling required to meet specifications set by the Americans with Disabilities Act accessibility guidelines for buildings and facilities as contained in the appendix to 28 CFR 36, any remodeling required to meet requirements set by the state fire marshal during the inspection of a public school, and for providing an alternative education program as provided in section 57-15-17.1.~~

~~k. Participating in cooperative career and technical education programs approved by the state board.~~

~~l. Maintaining a career and technical education program approved by the state board and established only for that school district.~~

~~m. Paying the cost of purchasing, contracting, operating, and maintaining schoolbuses.~~

~~n. Establishing and maintaining school library services.~~

~~o. Equipping schoolbuses with two-way communications and central station equipment and providing for the installation and maintenance of such equipment.~~

~~p. Establishing free public kindergartens in connection with the public schools of the district for the instruction of resident children below school age during the regular school term.~~

~~q. Establishing, maintaining, and conducting a public recreation system.~~

~~r. The district's share of contribution to finance an interdistrict cooperative agreement authorized by section 15.1-09-40.~~

~~2. This limitation does not apply to mill levies pursuant to subdivisions a, c, f, and j of subsection 1. If a school district maintained a levy to finance either its participation in a cooperative career and technical education program or its sponsorship of single-district career and technical education programs prior to July 1, 1983, and the district discontinues its participation in or sponsorship of those career and technical education programs, that district must reduce the proposed aggregated expenditure amount for which its general fund levy is used by the dollar amount raised by its prior levy for the funding of those programs.~~

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

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

2. The board of a school district may levy no more than twelve mills on the taxable valuation of the district for miscellaneous purposes and expenses. The proceeds of this levy must be deposited into a special fund known as the miscellaneous fund and

used in accordance with this subsection. The proceeds may not be transferred into any other fund.

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

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

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

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

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

SECTION 25. AMENDMENT. Section 57-15-14.5 of the North Dakota Century Code is 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 26. 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.

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

SECTION 27. AMENDMENT. Section 57-15-17.1 of the North Dakota Century Code is amended and reenacted as follows:

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

~~1. The governing body of any public school district may by resolution adopted by a two-thirds vote of the school board dedicate a tax levy for purposes of this section of not exceeding fifteen mills on the dollar of taxable valuation of property within the district for a period not longer than fifteen years. The school board may authorize and~~

~~issue general obligation bonds to be paid from the proceeds of this dedicated levy for the purpose of:~~

~~a. Providing funds for the abatement or removal of mercury and other hazardous substances from school buildings in accordance with any method approved by the United States environmental protection agency and for any repair, replacement, or remodeling that results from the abatement or removal of such substances;~~

~~b. Any remodeling required to meet specifications set by the Americans with Disabilities Act accessibility guidelines for buildings and facilities as contained in the appendix to 28 CFR 36;~~

~~c. Any remodeling required to meet requirements set by the state fire marshal during the inspection of a public school;~~

~~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 28. 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 29. 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 that which could be produced by a levy of the maximum ~~mill levy~~number of mills allowed by law in that district for that year.

SECTION 30. AMENDMENT. Section 57-19-02 of the North Dakota Century Code is amended and reenacted as follows:

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

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

1. Moneys in the fund may be deposited, held, or invested in the same manner as the sinking fund of the district or in the purchase of shares or securities of federal savings and loan associations or state-chartered building and loan associations, within the limits of federal insurance. ~~The school district business manager shall annually, upon a resolution of the school board,~~
2. Annually, the board of the school district shall transfer to the ~~school~~ district general fund ~~any part or~~ all of the ~~investment~~ income ~~or~~and interest earned by the principal ~~amount of the school district's~~of the special reserve fund.

3. On July 1, 2013, the board of the school district shall transfer from the special reserve fund to the district's general fund any amount that exceeds the limitation in section 57-19-01.

SECTION 31. AMENDMENT. Section 57-19-09 of the North Dakota Century Code is amended and reenacted as follows:

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

Any school district which has heretofore by mistake, or for any other reason, considered all or any part of a special reserve fund, as provided for in chapter 57-19, in determining the budget for the school district which has deducted all or any part of the funds in such special reserve fund from the amount necessary to be levied for any school fiscal year, may transfer from the special reserve fund into the general fund all or any part of such amounts which have been so considered contrary to the provisions of section 57-19-05. ~~Any school district special reserve fund and the tax levy therefor may be discontinued by a vote of sixty percent of the electors of the school district voting upon the question at any special or general election.~~ Any moneys remaining unexpended in ~~such~~the special reserve fund must be transferred to the ~~building or~~ general fund of the school district. ~~The discontinuance of a special reserve fund shall not decrease the school district tax levies otherwise provided for by law by more than twenty percent. A special reserve fund and the tax levy therefor which has been discontinued may be reinstated by a vote of sixty percent of the electors of the school district voting upon the question at any special or general election~~.

SECTION 32. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement.

1. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement.
2. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies

of the tax statement will be sent to the other owners upon their request and the furnishing of their names and addresses to the county treasurer.

3. The tax statement must include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable.

4. The tax statement must include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years~~, the~~:

   a. The property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel; and

   b. The amount in dollars by which the owner's tax liability has been reduced as a result of mill levy reduction grants provided by the legislative assembly.

5. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 33. LEGISLATIVE MANAGEMENT STUDY - FUNDING OF EDUCATION - ACCOUNTABILITY - COMMITTEE ESTABLISHMENT.

1. The legislative management shall appoint a committee to examine and clarify state-level and local-level responsibility for the equitable and adequate funding of elementary and secondary education in this state.

2. The committee shall:

   a. Define what constitutes "education" for purposes of meeting the state's constitutional requirements;

   b. Examine the distribution of financial and managerial responsibility for transportation, athletics and activities, course offerings beyond those that are statutorily required, and other nonmandatory offerings and services;

   c. Examine the distribution of financial and managerial responsibility for school construction;

   d. Examine the organizational structure for educational delivery in this state, in light of demographic changes, to ensure effectiveness and efficiency;

   e. Examine the benefits and detriments of statutorily limiting school districts in their ability to generate and expend property tax dollars; and

   f. Define what constitutes "adequacy" for purposes of funding education.

3. The committee shall:
   a. Examine concepts of accountability in elementary and secondary education;
   b. Examine the performance of North Dakota students in state and national assessments to determine whether recent legislative efforts have effected measurable improvements in student achievement; and
   c. Examine high school curricular requirements, content standards, and teacher training and qualifications to determine whether North Dakota students are being adequately prepared for the various assessments and for their first year of enrollment in institutions of higher education.
4. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

SECTION 34. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $100,000, or so much of the sum as may be necessary, to the legislative council for the purpose of contracting with consultants and other personnel necessary to complete the study of education funding and accountability, for the biennium beginning July 1, 2013, and ending June 30, 2015.

SECTION 35. SUSPENSION. Sections 15.1-27-04, 15.1-27-11, 15.1-27-22.1, 15.1-27-42, 15.1-27-43, 15.1-27-44, 15.1-32-20, 57-15-14.4, and 57-19-04 of the North Dakota Century Code are suspended through June 30, 2015.

SECTION 36. SUSPENSION. Chapter 57-64 of the North Dakota Century Code is suspended for the first two taxable years beginning after December 31, 2012.

SECTION 37. REPEAL. Sections 15.1-27-07.1 and 57-19-10 of the North Dakota Century Code are repealed.

SECTION 38. EXPIRATION DATE. Sections 1, 5, 8, 10 through 12, 15, 19, and 31 of this Act are effective through June 30, 2013, and after that date are ineffective.

SECTION 39. EFFECTIVE DATE - EXPIRATION DATE. Sections 18 and 20 through 28 of this Act are effective for the first two taxable years beginning after December 31, 2012, and are thereafter ineffective.