

**Sixty-seventh Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 5, 2021**

HOUSE BILL NO. 1337
(Representatives D. Johnson, Monson, Richter)
(Senators Myrdal, Rust, Schaible)

AN ACT to amend and reenact sections 15.1-12-07, 15.1-12-26, and 15.1-12-27 of the North Dakota Century Code, relating to the transfer of property of dissolved school districts.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 15.1-12-07 of the North Dakota Century Code is amended and reenacted as follows:

15.1-12-07. Transfer of real property upon annexation, reorganization, or dissolution.

The legal title to all real property owned by a school district and annexed to another school district, included in a reorganized district, or subjected to dissolution, vests in the board of the reorganized school district or of the district to which the property is annexed or attached on the effective date of the reorganization, annexation, or dissolution. If the reorganized district or district to which the property is annexed or attached includes less than the whole of the former district, legal title to the real property of the former district vests in the board of the school district in which the property is situated on the effective date of the reorganization, annexation, or dissolution. If the real property of a dissolved district is sold, exchanged, or donated to another political subdivision pursuant to section 15.1-12-27, legal title to the real property vests in the political subdivision to which the real property was sold, exchanged, or donated on the effective date of the dissolution. A certificate prepared by a licensed attorney, citing the legal description of the property and stating that the property has become annexed, attached, or reorganized with another school district, or sold, exchanged, or donated to another political subdivision, must be recorded in the office of the recorder of the county in which the property is located.

SECTION 2. AMENDMENT. Section 15.1-12-26 of the North Dakota Century Code is amended and reenacted as follows:

15.1-12-26. Dissolution of school district - Grounds.

1. A county committee shall initiate proceedings to dissolve a school district and attach the property to other operating high school districts in the same county, or to a non-high school district in the same county if there are no high school districts in the same county adjacent to the district being dissolved, when it is notified in writing by the county superintendent of schools whose jurisdiction includes the administrative headquarters of the district that:
 - a. The district is financially unable to effectively and efficiently educate its students;
 - b. The district has not operated a school as required by section 15.1-12-24; or
 - c. A school board has determined that dissolution is in the best interest of its students.
2. Except as provided in subsection 3, a county committee shall initiate proceedings under section 15.1-12-27 to attach real property to an operating high school district in the same county, or to a non-high school district in the same county if there is no high school district in the same county adjacent to the district being dissolved, when it is notified in writing by the county superintendent that:
 - a. Real property has been severed from its school district by the expansion of a city and the severed portion is not contiguous with its district; or

- b. There exists real property that does not belong to a school district.
3. If a school district reorganization plan which does not include all real property in a district is approved by the electors, the county committee shall, within forty-five days after the election, hold a hearing under section 15.1-12-27 to attach the remaining property to one or more operating high school districts in the same county, or to non-high school districts in the same county if there are no high school districts in the same county adjacent to the district being dissolved.
4. Subject to state board approval under section 15.1-12-27, a county committee that has initiated proceedings to dissolve a school district under this section may sell, exchange, or donate property or assets of the dissolving district to another political subdivision for less than fair market value provided the dissolving district has sufficient property and assets remaining to satisfy the requirements of sections 15.1-12-28 and 15.1-12-28.1.
5. Receipt of notice by a county committee under this section:
 - a. Renders an annexation petition involving any real property in the district void, unless the annexation has already been approved by the state board; and
 - b. Prohibits the acceptance of a new annexation petition involving any real property in the district until all dissolution proceedings have been completed.
- ~~5.6.~~ One or more annexation petitions may not be used to annex all of the real property in a school district to surrounding school districts.

SECTION 3. AMENDMENT. Section 15.1-12-27 of the North Dakota Century Code is amended and reenacted as follows:

15.1-12-27. Dissolution of school district - Notice - Hearing - Order of attachment.

1. The county superintendent shall schedule and give notice of a public hearing regarding the dissolution of the district and the subsequent attachment of the property to other high school districts in the same county, or to non-high school districts in the same county if there are no high school districts in the same county adjacent to the district being dissolved. The county superintendent shall publish the notice in the official newspaper of each county that encompasses property in the dissolving district and in the official newspaper of each county that encompasses property in a high school district adjacent to the dissolving district, or to non-high school districts in the same county if there are no high school districts in the same county adjacent to the district being dissolved, at least fourteen days before the date of the hearing. The county superintendent shall provide notice of the public hearing to the business manager of each high school district adjacent to the dissolving district, or to non-high school districts in the same county if there are no high school districts in the same county adjacent to the district being dissolved.
2. At the hearing, the board of the dissolving district may propose a particular manner of dissolution, including the sale, exchange, or donation of property and assets of the dissolving district to another political subdivision for less than fair market value.
3. The county committee shall consider testimony and documentary evidence regarding:
 - a. The value and amount of property held by the dissolving school district;
 - b. The amount of all outstanding bonded and other indebtedness;
 - c. The distribution of property and assets among the school districts to which the dissolved district is attached, or to another political subdivision as proposed by the dissolving district;

- d. The taxable valuation of the dissolving district and adjacent school districts and the taxable valuation of adjacent school districts under the proposed manner of dissolution;
 - e. The size, geographical features, and boundaries of the dissolving district and of adjacent school districts;
 - f. The number of students enrolled in the dissolving district and in adjacent school districts;
 - g. Each school in the dissolving district and in adjacent school districts, including its name, location, condition, accessibility, and the grade levels it offers;
 - h. The location and condition of roads, highways, and natural barriers in the dissolving district and in adjacent school districts;
 - i. Conditions affecting the welfare of students in the dissolving district and in adjacent school districts;
 - j. The boundaries of other governmental entities;
 - k. The educational needs of communities in the dissolving district and in adjacent school districts;
 - l. Potential savings in school district transportation and administrative services;
 - m. The anticipated future use of the dissolving districts' buildings, sites, and playfields;
 - n. The potential for a reduction in per student valuation disparities between the school districts to which the dissolved district is attached;
 - o. The potential to equalize or increase the educational opportunities for students from the dissolving district and for students in adjacent school districts; and
 - p. All other relevant factors.
4. After the hearing, the county committee shall make findings of fact. Subject to final approval by the state board, the county committee may order the district dissolved and its real property attached or assets:
- a. Attached to one or more contiguous, operating high school districts in the same county; or;
 - b. Attached to non-high school districts in the same county if there are no high school districts in the same county adjacent to the district being dissolved; or
 - c. Sold, exchanged, or donated to another political subdivision for less than fair market value provided the dissolving district has sufficient property and assets remaining to satisfy the requirements of sections 15.1-12-28 and 15.1-12-28.1.
5. Any property ordered attached to other school districts under this section must have at least one minor residing within its boundaries.
6. The county superintendent shall forward all minutes, records, documentary evidence, and other information regarding the dissolution proceeding together with a copy of the county committee's order to the state board for final approval of the dissolution. The state board shall publish notice of its meeting at which it will consider the dissolution, in the official newspapers of the counties required for publication under subsection 1, at least fourteen days before the meeting.
7. The order of dissolution becomes effective July first following approval by the state board, unless the county committee provides for a different effective date.

8. If the boundaries of the dissolving school district cross county lines, the proceeding to dissolve the district must be conducted jointly by the county committees representing counties containing twenty-five percent or more of the dissolving district's taxable valuation. If, after the hearing, a majority of the county committees are unable to agree upon an order of dissolution and attachment, the county superintendent of the county in which the administrative headquarters of the dissolving school district is located shall notify the state board. The state board shall conduct a public hearing, as required in this section, and order the dissolution of the district and the attachment of its real property to adjacent school districts in the manner it deems appropriate. The state board shall publish notice of the public hearing in the official newspapers of the counties required for publication under subsection 1, at least fourteen days before the date of the hearing.
9. If any portion of the order providing for the attachment of real property is suspended or voided, the order of dissolution is likewise suspended or voided.
10. The state board shall provide a copy of its final findings of fact, conclusions of law, and order regarding the dissolution to job service North Dakota. If not otherwise included in the findings of fact, the state board shall also provide job service North Dakota with information on the distribution and valuation of property from the dissolving district to the receiving districts.

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-seventh Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1337.

House Vote: Yeas 86 Nays 7 Absent 1

Senate Vote: Yeas 46 Nays 1 Absent 0

Chief Clerk of the House

Received by the Governor at _____ M. on _____, 2021.

Approved at _____ M. on _____, 2021.

Governor

Filed in this office this _____ day of _____, 2021,

at _____ o'clock _____ M.

Secretary of State