SECOND ENGROSSMENT

Sixty-eighth
Legislative Assembly
of North Dakota

REENGROSSED SENATE BILL NO. 2066

Introduced by

Senators Schaible, Rust, Weber

Representatives Nathe, Porter, D. Ruby

1 A BILL ~~for an Act to amend and reenact subsection 3 of section 15.1-27-02, sections~~

2 ~~15.1-27-04.1, 15.1-27-04.2, 57-15-01, and 57-15-01.1, subsection 1 of section 57-15-14,~~

3 ~~section 57-15-14.2, and subdivision c of subsection 1 of section 57-20-07.1 of the North Dakota~~

4 ~~Century Code, relating to the determination of state aid payments, information displayed on~~

5 ~~property tax statements, school district levy authority, and a credit against payments in lieu of~~

6 ~~taxes paid by centrally assessed companies; to repeal sections 15.1-27-04.3, 15.1-27-15.1, and~~

7 ~~15.1-27-20.2, relating to adjustments to state aid payments; and to provide an effective date.~~for

8 an Act to create and enact two new sections to chapter 57-02 and a new subsection to section

9 57-38-30.3 of the North Dakota Century Code, relating to a property tax credit for property used

10 as a primary residence and calculation of individual income tax based on general fund

11 revenues; to amend and reenact subsection 1 of section 57-38-30.3 of the North Dakota

12 Century Code, relating to the imposition of a flat income tax rate for individuals, estates, and

13 trusts; to provide an effective date; and to provide an expiration date.

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

15 ~~**SECTION 1. AMENDMENT.** Subsection 3 of section 15.1-27-02 of the North Dakota~~

16 ~~Century Code is amended and reenacted as follows:~~

17 ~~3. On or before December fifteenth, each school district shall file with the superintendent~~

18 ~~of public instruction the taxable valuation and mill levy certifications, which must be~~

19 ~~separated by property classification. If a district fails to file the taxable valuation and~~

20 ~~mill levy certifications by the required date, the superintendent of public instruction~~

21 ~~may not forward to the district any state aid payments to which the district is entitled,~~

22 ~~until the taxable valuation and mill levy certifications are filed.~~

23 ~~**SECTION 2. AMENDMENT.** Section 15.1-27-04.1 of the North Dakota Century Code is~~

24 ~~amended and reenacted as follows:~~

1   ~~15.1-27-04.1. Baseline funding - Establishment - Determination of state aid. (Effective~~

2   ~~through June 30, 2025)~~

3   ~~1.   To determine the amount of state aid payable to each district, the superintendent of~~

4   ~~public instruction shall establish each district's baseline funding. A district's baseline~~

5   ~~funding consists of:~~

6   ~~a.   All state aid received by the district in accordance with chapter 15.1-27 during the~~

7   ~~2018-19 school year;~~

8   ~~b.   An amount equal to the property tax deducted by the superintendent of public~~

9   ~~instruction to determine the 2018-19 state aid payment;~~

10   ~~c.   An amount equal to seventy-five percent of the revenue received by the school~~

11   ~~district during the 2017-18 school year for the following revenue types:~~

12   ~~(1)   Revenue reported under code 2000 of the North Dakota school district~~

13   ~~financial accounting and reporting manual, as developed by the~~

14   ~~superintendent of public instruction in accordance with section 15.1-02-08;~~

15   ~~(2)   Mineral revenue received by the school district through direct allocation from~~

16   ~~the state treasurer and not reported under code 2000 of the North Dakota~~

17   ~~school district financial accounting and reporting manual, as developed by~~

18   ~~the superintendent of public instruction in accordance with section~~

19   ~~15.1-02-08;~~

20   ~~(3)   Tuition reported under code 1300 of the North Dakota school district~~

21   ~~financial accounting and reporting manual, as developed by the~~

22   ~~superintendent of public instruction in accordance with section 15.1-02-08,~~

23   ~~with the exception of revenue received specifically for the operation of an~~

24   ~~educational program provided at a residential treatment facility, tuition~~

25   ~~received for the provision of an adult farm management program, and~~

26   ~~beginning in the 2021-22 school year, seventeen percent of tuition received~~

27   ~~under an agreement to educate students from a school district on an~~

28   ~~air force base with funding received through federal impact aid, and an~~

29   ~~additional seventeen percent of tuition received under an agreement to~~

30   ~~educate students from a school district on an air force base with funding~~

31   ~~received through federal impact aid each school year thereafter, until the~~

1 2024-25 school year when sixty-eight percent of tuition received under an

2 agreement to educate students from a school district on an air force base

3 with funding received through federal impact aid must be excluded from the

4 tuition calculation under this paragraph;

5 (4) Revenue from payments in lieu of taxes on the distribution and transmission

6 of electric power;

7 (5) Revenue from payments in lieu of taxes on electricity generated from

8 sources other than coal; and

9 (6) Revenue from the leasing of land acquired by the United States for which

10 compensation is allocated to the state under 33 U.S.C. 701(c)(3);

11 d. An amount equal to the total revenue received by the school district during the

12 2017-18 school year for the following revenue types:

13 (1) Mobile home tax revenue;

14 (2) Telecommunications tax revenue; and

15 (3) Revenue from payments in lieu of taxes and state reimbursement of the

16 homestead credit and disabled veterans credit; and

17 e. Beginning with the 2020-21 school year, the superintendent shall reduce the

18 baseline funding for any school district that becomes an elementary district

19 pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must

20 be proportional to the number of weighted student units in the grades that are

21 offered through another school district relative to the total number of weighted

22 student units the school district offered in the year before the school district

23 became an elementary district. The reduced baseline funding applies to the

24 calculation of state aid for the first school year in which the school district

25 becomes an elementary district and for each year thereafter. For districts that

26 become an elementary district prior to the 2020-21 school year, the

27 superintendent shall use the reduced baseline funding to calculate state aid for

28 the 2020-21 school year and for each year thereafter.

29 2. a. The superintendent shall divide the district's baseline funding determined in

30 subsection 1 by the district's 2017-18 weighted student units to determine the

31 district's baseline funding per weighted student unit.

1   b.   For any school district that becomes an elementary district pursuant to section

2   15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the

3   district's baseline funding per weighted student unit used to calculate state aid.

4   The superintendent shall divide the district's baseline funding determined in

5   subsection 1 by the district's weighted student units after the school district

6   becomes an elementary district to determine the district's adjusted baseline

7   funding per weighted student unit. The superintendent shall use the district's

8   adjusted baseline funding per weighted student unit in the calculation of state aid

9   for the first school year in which the school district becomes an elementary

10   district and for each year thereafter.

11   c.   Beginning with the 2021-22 school year and for each school year thereafter, the

12   superintendent shall reduce the district's baseline funding per weighted student

13   unit. Each year the superintendent shall calculate the amount by which the

14   district's baseline funding per weighted student unit exceeds the payment per

15   weighted student unit provided in subsection 3. The superintendent shall reduce

16   the district's baseline funding per weighted student unit by fifteen percent of the

17   amount by which the district's baseline funding per weighted student unit exceeds

18   the payment per weighted student unit for the 2021-22 school year. For each

19   year thereafter, the reduction percentage is increased by an additional fifteen

20   percent. However, the district's baseline funding per weighted student unit, after

21   the reduction, may not be less than the payment per weighted student unit

22   provided in subsection 3.

23   3.   a.   For the 2021-22 school year, the superintendent shall calculate state aid as the

24   greater of:

25   (1)   The district's weighted student units multiplied by ten thousand one hundred

26   thirty-six dollars;

27   (2)   One hundred two percent of the district's baseline funding per weighted

28   student unit, as established in subsection 2, multiplied by the district's

29   weighted student units, not to exceed the district's 2017-18 baseline

30   weighted student units, plus any weighted student units in excess of the

1   2017-18 baseline weighted student units multiplied by ten thousand

2   one hundred thirty-six dollars; or

3   (3)   The district's baseline funding as established in subsection 1 less the

4   amount in paragraph 1, with the difference reduced by fifteen percent and

5   then the difference added to the amount determined in paragraph 1.

6   b.   For the 2022-23 school year and each school year thereafter, the superintendent

7   shall calculate state aid as the greater of:

8   (1)   The district's weighted student units multiplied by ten thousand two hundred

9   thirty-seven dollars;

10   (2)   One hundred two percent of the district's baseline funding per weighted

11   student unit, as established in subsection 2, multiplied by the district's

12   weighted student units, not to exceed the district's 2017-18 baseline

13   weighted student units, plus any weighted student units in excess of the

14   2017-18 baseline weighted student units multiplied by ten thousand

15   two hundred thirty-seven dollars; or

16   (3)   The district's baseline funding as established in subsection 1 less the

17   amount in paragraph 1, with the difference reduced by thirty percent for the

18   2022-23 school year and the reduction percentage increasing by fifteen

19   percent each school year thereafter until the difference is reduced to zero,

20   and then the difference added to the amount determined in paragraph 1.

21   c.   The superintendent also shall adjust state aid determined in this subsection to

22   ensure the amount does not exceed the transition maximum as follows:

23   (1)   For the 2021-22 school year, the transition maximum rate is one hundred

24   ten percent of the district's baseline funding per weighted student unit, as

25   established in subsection 2, multiplied by the district's weighted student

26   units from the previous school year.

27   (2)   For the 2022-23 school year, the transition maximum rate is one hundred

28   ten percent of the district's baseline funding per weighted student unit, as

29   established in subsection 2, multiplied by the district's weighted student

30   units from the previous school year.

1   (3)   For the 2023-24 school year, the transition maximum rate is one hundred

2   ten percent of the district's baseline funding per weighted student unit, as

3   established in subsection 2, plus twenty percent of the difference between

4   the rate under paragraph 1 of subdivision b of this subsection and

5   one hundred ten percent of the district's baseline funding per weighted

6   student unit. The transition maximum is determined by multiplying the

7   transition maximum rate, which may not exceed the rate under paragraph 1

8   of subdivision b of this subsection, by the district's weighted student units

9   from the previous school year.

10   (4)   For the 2024-25 school year, the transition maximum rate is one hundred

11   ten percent of the district's baseline funding per weighted student unit, as

12   established in subsection 2, plus forty percent of the difference between the

13   rate under paragraph 1 of subdivision b of this subsection and one hundred

14   ten percent of the district's baseline funding per weighted student unit. The

15   transition maximum is determined by multiplying the transition maximum

16   rate, which may not exceed the rate under paragraph 1 of subdivision b of

17   this subsection, by the district's weighted student units from the previous

18   school year.

19   (5)   For the 2025-26 school year, the transition maximum rate is one hundred

20   ten percent of the district's baseline funding per weighted student unit, as

21   established in subsection 2, plus sixty percent of the difference between the

22   rate under paragraph 1 of subdivision b of this subsection and one hundred

23   ten percent of the district's baseline funding per weighted student unit. The

24   transition maximum is determined by multiplying the transition maximum

25   rate, which may not exceed the rate under paragraph 1 of subdivision b of

26   this subsection, by the district's weighted student units from the previous

27   school year.

28   (6)   For the 2026-27 school year, the transition maximum rate is one hundred

29   ten percent of the district's baseline funding per weighted student unit, as

30   established in subsection 2, plus eighty percent of the difference between

31   the rate under paragraph 1 of subdivision b of this subsection and

1   one hundred ten percent of the district's baseline funding per weighted

2   student unit. The transition maximum is determined by multiplying the

3   transition maximum rate, which may not exceed the rate under paragraph 1

4   of subdivision b of this subsection, by the district's weighted student units

5   from the previous school year.

6   4.   After determining the product in accordance with subsection 3, the superintendent of

7   public instruction shall:

8   a.   Subtract an amount equal to sixty mills multiplied by the taxable valuation of the

9   school district, except the amount in dollars subtracted for purposes of this

10   subdivision may not exceed the previous year's amount in dollars subtracted for

11   purposes of this subdivision by more than twelve percent, adjusted pursuant to

12   section 15.1-27-04.3; and

13   b.   Subtract an amount equal to seventy-five percent of all revenue types listed in

14   subdivisions c and d of subsection 1. Before determining the deduction for

15   seventy-five percent of all revenue types, the superintendent of public instruction

16   shall adjust revenues as follows:

17   (1)   Tuition revenue shall be adjusted as follows:

18   (a)   In addition to deducting tuition revenue received specifically for the

19   operation of an educational program provided at a residential

20   treatment facility, tuition revenue received for the provision of an adult

21   farm management program, and tuition received under an agreement

22   to educate students from a school district on an air force base with

23   funding received through federal impact aid as directed each school

24   year in paragraph 3 of subdivision c of subsection 1, the

25   superintendent of public instruction also shall reduce the total tuition

26   reported by the school district by the amount of tuition revenue

27   received for the education of students not residing in the state and for

28   which the state has not entered a cross-border education contract;

29   and

30   (b)   The superintendent of public instruction also shall reduce the total

31   tuition reported by admitting school districts meeting the requirements

1   of subdivision e of subsection 2 of section 15.1-29-12 by the amount

2   of tuition revenue received for the education of students residing in an

3   adjacent school district.

4   (2)   After adjusting tuition revenue as provided in paragraph 1, the

5   superintendent shall reduce all remaining revenues from all revenue types

6   by the percentage of mills levied in 2020 by the school district for sinking

7   and interest relative to the total mills levied in 2020 by the school district for

8   all purposes.

9   5.   The amount remaining after the computation required under subsection 4 is the

10   amount of state aid to which a school district is entitled, subject to any other statutory

11   requirements or limitations.

12   6.   On or before June thirtieth of each year, the school board shall certify to the

13   superintendent of public instruction the final average daily membership for the current

14   school year.

15   7.   For purposes of the calculation in subsection 4, each county auditor, in collaboration

16   with the school districts, shall report the following to the superintendent of public

17   instruction on an annual basis:

18   a.   The amount of revenue received by each school district in the county during the

19   previous school year for each type of revenue identified in subdivisions c and d of

20   subsection 1;

21   b.   The total number of mills levied in the previous calendar year by each school

22   district for all purposes; and

23   c.   The number of mills levied in the previous calendar year by each school district

24   for sinking and interest fund purposes.

25 **Baseline funding - Establishment - Determination of state aid. (Effective after**

26 **June 30, 2025)**

27   1.   To determine the amount of state aid payable to each district, the superintendent of

28   public instruction shall establish each district's baseline funding. A district's baseline

29   funding consists of:

30   a.   All state aid received by the district in accordance with chapter 15.1-27 during the

31   2018-19 school year;

1   b.   An amount equal to the property tax deducted by the superintendent of public

2   instruction to determine the 2018-19 state aid payment;

3   c.   An amount equal to seventy-five percent of the revenue received by the school

4   district during the 2017-18 school year for the following revenue types:

5   (1)   Revenue reported under code 2000 of the North Dakota school district

6   financial accounting and reporting manual, as developed by the

7   superintendent of public instruction in accordance with section 15.1-02-08;

8   (2)   Mineral revenue received by the school district through direct allocation from

9   the state treasurer and not reported under code 2000 of the North Dakota

10   school district financial accounting and reporting manual, as developed by

11   the superintendent of public instruction in accordance with section

12   15.1-02-08;

13   (3)   Tuition reported under code 1300 of the North Dakota school district

14   financial accounting and reporting manual, as developed by the

15   superintendent of public instruction in accordance with section 15.1-02-08,

16   with the exception of revenue:

17   (a)   Revenue received specifically for the operation of an educational

18   program provided at a residential treatment facility, tuition;

19   (b)   Tuition received for the provision of an adult farm management

20   program,; and beginning

21   (c)   Beginning in the:

22   [1]   2023-24 school year, fifty-one percent of tuition received under

23   an agreement to educate students from a school district on an air

24   force base with funding received through federal impact aid;

25   [2]   2024-25 school year, sixty-eight percent of tuition received under

26   an agreement to educate students from a school district on an air

27   force base with funding received through federal impact aid;

28   [3]   2025-26 school year, eighty-five percent of tuition received under

29   an agreement to educate students from a school district on an

30   air force base with funding received through federal impact aid,

31   until the; and

1   [4]   2026-27 school year, and each school year thereafter, when all

2   tuition received under an agreement to educate students from a

3   school district on an air force base with funding received through

4   federal impact aid must be excluded from the tuition calculation

5   under this paragraph;

6   (4)   Revenue from payments in lieu of taxes on the distribution and transmission

7   of electric power;

8   (5)   Revenue from payments in lieu of taxes on electricity generated from

9   sources other than coal; and

10   (6)   Revenue from the leasing of land acquired by the United States for which

11   compensation is allocated to the state under 33 U.S.C. 701(c)(3); and

12   d.   An amount equal to the total revenue received by the school district during the

13   2017-18 school year for the following revenue types:

14   (1)   Mobile home tax revenue;

15   (2)   Telecommunications tax revenue; and

16   (3)   Revenue from payments in lieu of taxes and state reimbursement of the

17   homestead credit and disabled veterans credit.; and

18   e.   Beginning with the 2020-21 school year, the superintendent shall reduce the

19   baseline funding for any school district that becomes an elementary district

20   pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must

21   be proportional to the number of weighted student units in the grades that are

22   offered through another school district relative to the total number of weighted

23   student units the school district offered in the year before the school district

24   became an elementary district. The reduced baseline funding applies to the

25   calculation of state aid for the first school year in which the school district

26   becomes an elementary district and for each year thereafter. For districts that

27   become an elementary district prior to the 2020-21 school year, the

28   superintendent shall use the reduced baseline funding to calculate state aid for

29   the 2020-21 school year and for each year thereafter.

1   2.   a.   The superintendent shall divide the district's baseline funding determined in

2   subsection 1 by the district's 2017-18 weighted student units to determine the

3   district's baseline funding per weighted student unit.

4   b.   For any school district that becomes an elementary district pursuant to section

5   15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the

6   district's baseline funding per weighted student unit used to calculate state aid.

7   The superintendent shall divide the district's baseline funding determined in

8   subsection 1 by the district's weighted student units after the school district

9   becomes an elementary district to determine the district's adjusted baseline

10   funding per weighted student unit. The superintendent shall use the district's

11   adjusted baseline funding per weighted student unit in the calculation of state aid

12   for the first school year in which the school district becomes an elementary

13   district and for each year thereafter.

14   c.   Beginning with the 2021-22 school year and for each school year thereafter, the

15   superintendent shall reduce the district's baseline funding per weighted student

16   unit. Each year the superintendent shall calculate the amount by which the

17   district's baseline funding per weighted student unit exceeds the payment per

18   weighted student unit provided in subsection 3. The superintendent shall reduce

19   the district's baseline funding per weighted student unit by fifteen percent of the

20   amount by which the district's baseline funding per weighted student unit exceeds

21   the payment per weighted student unit for the 2021-22 school year. For each

22   year thereafter, the reduction percentage is increased by an additional fifteen

23   percent. However, the district's baseline funding per weighted student unit, after

24   the reduction, may not be less than the payment per weighted student unit

25   provided in subsection 3.

26   3.   a.   For the 2021-22 school year, the superintendent shall calculate state aid as the

27   greater of:

28   (1)   The district's weighted student units multiplied by ten thousand one hundred

29   thirty-six dollars;

30   (2)   One hundred two percent of the district's baseline funding per weighted

31   student unit, as established in subsection 2, multiplied by the district's

1   weighted student units, not to exceed the district's 2017-18 baseline

2   weighted student units, plus any weighted student units in excess of the

3   2017-18 baseline weighted student units multiplied by ten thousand

4   one hundred thirty-six dollars; or

5   (3)   The district's baseline funding as established in subsection 1 less the

6   amount in paragraph 1, with the difference reduced by fifteen percent and

7   then the difference added to the amount determined in paragraph 1.

8   b.   For the 2022-23 school year and each school year thereafter, the superintendent

9   shall calculate state aid as the greater of:

10   (1)   The district's weighted student units multiplied by ten thousand two hundred

11   thirty-seven dollars;

12   (2)   One hundred two percent of the district's baseline funding per weighted

13   student unit, as established in subsection 2, multiplied by the district's

14   weighted student units, not to exceed the district's 2017-18 baseline

15   weighted student units, plus any weighted student units in excess of the

16   2017-18 baseline weighted student units multiplied by ten thousand

17   two hundred thirty-seven dollars; or

18   (3)   The district's baseline funding as established in subsection 1 less the

19   amount in paragraph 1, with the difference reduced by thirty percent for the

20   2022-23 school year and the reduction percentage increasing by fifteen

21   percent each school year thereafter until the difference is reduced to zero,

22   and then the difference added to the amount determined in paragraph 1.

23   c.   The superintendent also shall adjust state aid determined in this subsection to

24   ensure the amount does not exceed the transition maximum as follows:

25   (1)   For the 2021-22 school year, the transition maximum rate is one hundred

26   ten percent of the district's baseline funding per weighted student unit, as

27   established in subsection 2, multiplied by the district's weighted student

28   units from the previous school year.

29   (2)   For the 2022-23 school year, the transition maximum rate is one hundred

30   ten percent of the district's baseline funding per weighted student unit, as

1   established in subsection 2, multiplied by the district's weighted student

2   units from the previous school year.

3   (3)   For the 2023-24 school year, the transition maximum rate is one hundred

4   ten percent of the district's baseline funding per weighted student unit, as

5   established in subsection 2, plus twenty percent of the difference between

6   the rate under paragraph 1 of subdivision b of this subsection and

7   one hundred ten percent of the district's baseline funding per weighted

8   student unit. The transition maximum is determined by multiplying the

9   transition maximum rate, which may not exceed the rate under paragraph 1

10 of subdivision b of this subsection, by the district's weighted student units

11 from the previous school year.

12 (4)(2)   For the 2024-25 school year, the transition maximum rate is one hundred

13 ten percent of the district's baseline funding per weighted student unit, as

14 established in subsection 2, plus forty percent of the difference between the

15 rate under paragraph 1 of subdivision b of this subsection and one hundred

16 ten percent of the district's baseline funding per weighted student unit. The

17 transition maximum is determined by multiplying the transition maximum

18 rate, which may not exceed the rate under paragraph 1 of subdivision b of

19 this subsection, by the district's weighted student units from the previous

20 school year.

21 (5)(3)   For the 2025-26 school year, the transition maximum rate is one hundred

22 ten percent of the district's baseline funding per weighted student unit, as

23 established in subsection 2, plus sixty percent of the difference between the

24 rate under paragraph 1 of subdivision b of this subsection and one hundred

25 ten percent of the district's baseline funding per weighted student unit. The

26 transition maximum is determined by multiplying the transition maximum

27 rate, which may not exceed the rate under paragraph 1 of subdivision b of

28 this subsection, by the district's weighted student units from the previous

29 school year.

30 (6)(4)   For the 2026-27 school year, the transition maximum rate is one hundred

31 ten percent of the district's baseline funding per weighted student unit, as

1 established in subsection 2, plus eighty percent of the difference between

2 the rate under paragraph 1 of subdivision b of this subsection and

3 one hundred ten percent of the district's baseline funding per weighted

4 student unit. The transition maximum is determined by multiplying the

5 transition maximum rate, which may not exceed the rate under paragraph 1

6 of subdivision b of this subsection, by the district's weighted student units

7 from the previous school year.

8 4. After determining the product in accordance with subsection 3, the superintendent of

9 public instruction shall:

10 a. Subtract an amount equal to sixtythe sum of:

11 (1) Forty mills multiplied by the taxable valuation of residential, agricultural, and

12 commercial property in the school district. For purposes of this paragraph,

13 "taxable valuation" means, for taxable year 2023, the 2022 taxable valuation

14 of the school district, and for taxable year 2024 and each year thereafter,

15 the 2022 taxable valuation increased by five percent per year, or the actual

16 increase in taxable valuation, as compared to the previous year's taxable

17 valuation calculation, whichever is less, beginning with taxable year 2024

18 and each year thereafter; and

19 (2) Sixty mills multiplied by the taxable valuation of centrally assessed property

20 in the school district; and

21 b. Subtract an amount equal to seventy-five percent of all revenue types listed in

22 subdivisions c and d of subsection 1. Before determining the deduction for

23 seventy-five percent of all revenue types, the superintendent of public instruction

24 shall adjust revenues as follows:

25 (1) Tuition revenue shall be adjusted as follows:

26 (a) In addition to deducting tuition revenue received specifically for the

27 operation of an educational program provided at a residential

28 treatment facility, tuition revenue received for the provision of an adult

29 farm management program, and tuition received under an agreement

30 to educate students from a school district on an air force base with

31 funding received through federal impact aid as directed each school

1   year in paragraph 3 of subdivision c of subsection 1, the

2   superintendent of public instruction also shall reduce the total tuition

3   reported by the school district by the amount of tuition revenue

4   received for the education of students not residing in the state and for

5   which the state has not entered a cross-border education contract;

6   and

7   (b)   The superintendent of public instruction also shall reduce the total

8   tuition reported by admitting school districts meeting the requirements

9   of subdivision e of subsection 2 of section 15.1-29-12 by the amount

10   of tuition revenue received for the education of students residing in an

11   adjacent school district.

12   (2)   After adjusting tuition revenue as provided in paragraph 1, the

13   superintendent shall reduce all remaining revenues from all revenue types

14   by the percentage of mills levied in 20202022 by the school district for

15   sinking and interest relative to the total mills levied in 20202022 by the

16   school district for all purposes.

17 5.   The amount remaining after the computation required under subsection 4 is the

18   amount of state aid to which a school district is entitled, subject to any other statutory

19   requirements or limitations.

20 6.   On or before June thirtieth of each year, the school board shall certify to the

21   superintendent of public instruction the final average daily membership for the current

22   school year.

23 7.   For purposes of the calculation in subsection 4, each county auditor, in collaboration

24   with the school districts, shall report the following to the superintendent of public

25   instruction on an annual basis:

26   a.   The amount of revenue received by each school district in the county during the

27   previous school year for each type of revenue identified in subdivisions c and d of

28   subsection 1;

29   b.   The total number of mills levied in the previous calendar year by each school

30   district for all purposes, separated by property classification; and

1   c. The number of mills levied in the previous calendar year by each school district

2   for sinking and interest fund purposes, separated by property classification.

3 **SECTION 3. AMENDMENT.** Section 15.1-27-04.2 of the North Dakota Century Code is

4 amended and reenacted as follows:

5 **15.1-27-04.2. State aid - Minimum local effort - Determination.**

6 If a district's taxable valuation per student is less than twenty percent of the state average

7 valuation per student, the superintendent of public instruction, for purposes of determining state

8 aid in accordance with subsection 4 of section 15.1-27-04.1, shall utilize an amount equal to

9 sixtydeduct the sum of the following:

10 1. Forty mills times twenty percent of the state average valuation of residential,

11   agricultural, and commercial property per student multiplied by the number of weighted

12   student units in the district; and

13 2. Sixty mills times twenty percent of the state average valuation of centrally assessed

14   property per student multiplied by the number of weighted student units in the district.

15 **SECTION 4. AMENDMENT.** Section 57-15-01 of the North Dakota Century Code is

16 amended and reenacted as follows:

17 **57-15-01. Levy in specific amounts - Exceptions.**

18 With the exception of special assessment taxes and such general taxes as may be

19 definitely fixed by law, all state, county, city, township, school district, and park district taxes

20 must be levied or voted in specific amounts of money. For purposes of communicating with the

21 public and comparing the amount levied in the current taxable year to the amount levied in the

22 preceding taxable year, taxing districts shall express levies in terms of dollars rather than mills.

23 **SECTION 5. AMENDMENT.** Section 57-15-01.1 of the North Dakota Century Code is

24 amended and reenacted as follows:

25 **57-15-01.1. Protection of taxpayers and taxing districts.**

26 Each taxing district may levy the lesser of the amount in dollars as certified in the budget of

27 the governing body, or the amount in dollars as allowed in this section, subject to the following:

28 1. No taxing district may levy more taxes expressed in dollars than the amounts allowed

29   by this section.

30 2. For purposes of this section:

1   a.   "Base year" means the taxing district's taxable year with the highest amount

2   levied in dollars in property taxes of the three taxable years immediately

3   preceding the budget year;

4   b.   "Budget year" means the taxing district's year for which the levy is being

5   determined under this section;

6   c.   "Calculated mill rate" means the mill rate that results from dividing the base year

7   taxes levied by the sum of the taxable value of the taxable property in the base

8   year plus the taxable value of the property exempt by local discretion or

9   charitable status, calculated in the same manner as the taxable property; and

10   d.   "Property exempt by local discretion or charitable status" means property

11   exempted from taxation as new or expanding businesses under chapter 40-57.1;

12   improvements to property under chapter 57-02.2; or buildings belonging to

13   institutions of public charity, new single-family residential or townhouse or

14   condominium property, property used for early childhood services, or pollution

15   abatement improvements under section 57-02-08; and

16   e.   "Taxing district" means any political subdivision, other than a school district,

17   empowered by law to levy taxes.

18   3.   A taxing district may elect to levy the amount levied in dollars in the base year. Any

19   levy under this section must be specifically approved by a resolution approved by the

20   governing body of the taxing district. Before determining the levy limitation under this

21   section, the dollar amount levied in the base year must be:

22   a.   Reduced by an amount equal to the sum determined by application of the base

23   year's calculated mill rate for that taxing district to the final base year taxable

24   valuation of any taxable property and property exempt by local discretion or

25   charitable status which is not included in the taxing district for the budget year but

26   was included in the taxing district for the base year.

27   b.   Increased by an amount equal to the sum determined by the application of the

28   base year's calculated mill rate for that taxing district to the final budget year

29   taxable valuation of any taxable property or property exempt by local discretion or

30   charitable status which was not included in the taxing district for the base year

31   but which is included in the taxing district for the budget year.

1   c. ~~Reduced to reflect expired temporary mill levy increases authorized by the~~

2   ~~electors of the taxing district. For purposes of this subdivision, an expired~~

3   ~~temporary mill levy increase does not include a school district general fund mill~~

4   ~~rate exceeding one hundred ten mills which has expired or has not received~~

5   ~~approval of electors for an extension under subsection 2 of section 57-64-03.~~

6   d. ~~Reduced by the amount of state aid under chapter 15.1-27, which is determined~~

7   ~~by multiplying the budget year taxable valuation of the school district by the~~

8   ~~lesser of the base year mill rate of the school district minus sixty mills or fifty~~

9   ~~mills, if the base year is a taxable year before 2013.~~

10   4. ~~In addition to any other levy limitation factor under this section, a taxing district may~~

11   ~~increase its levy in dollars to reflect new or increased mill levies authorized by the~~

12   ~~legislative assembly or authorized by the electors of the taxing district.~~

13   5. ~~Under this section a taxing district may supersede any applicable mill levy limitations~~

14   ~~otherwise provided by law, or a taxing district may levy up to the mill levy limitations~~

15   ~~otherwise provided by law without reference to this section, but the provisions of this~~

16   ~~section do not apply to the following:~~

17   a. ~~Any irrepealable tax to pay bonded indebtedness levied pursuant to section 16 of~~

18   ~~article X of the Constitution of North Dakota.~~

19   b. ~~The one-mill levy for the state medical center authorized by section 10 of article X~~

20   ~~of the Constitution of North Dakota.~~

21   6. ~~A school district choosing to determine its levy authority under this section may apply~~

22   ~~subsection 3 only to the amount in dollars levied for general fund purposes under~~

23   ~~section 57-15-14 or, if the levy in the base year included separate general fund and~~

24   ~~special fund levies under sections 57-15-14 and 57-15-14.2, the school district may~~

25   ~~apply subsection 3 to the total amount levied in dollars in the base year for both the~~

26   ~~general fund and special fund accounts. School district levies under any section other~~

27   ~~than section 57-15-14 may be made within applicable limitations but those levies are~~

28   ~~not subject to subsection 3.~~

29   7. ~~Optional levies under this section may be used by any city or county that has adopted~~

30   ~~a home rule charter unless the provisions of the charter supersede state laws related~~

31   ~~to property tax levy limitations.~~

1   **SECTION 6. AMENDMENT.** Subsection 1 of section 57-15-14 of the North Dakota Century

2   Code is amended and reenacted as follows:

3   1.   Unless authorized by the electors of the school district in accordance with this section,

4   a school district may not impose greater levies than those permitted under section

5   57-15-14.2.

6   a.   In any school district having a total population in excess of four thousand

7   according to the last federal decennial census there may be levied any specific

8   number of mills that upon resolution of the school board has been submitted to

9   and approved by a majority of the qualified electors voting upon the question at

10   any regular or special school district election.

11   b.   In any school district having a total population of fewer than four thousand, there

12   may be levied any specific number of mills that upon resolution of the school

13   board has been approved by fifty-five percent of the qualified electors voting

14   upon the question at any regular or special school election.

15   c.   After June 30, 2009, in any school district election for approval by electors of

16   increased levy authority under subsection 1 or 2, the ballot must specify the

17   number of mills proposed for approval, and the number of taxable years for which

18   that approval is to apply. After June 30, 2009, approval by electors of increased

19   levy authority under subsection 1 or 2 may not be effective for more than ten

20   taxable years.

21   d.   The authority for a levy of up to a specific number of mills under this section

22   approved by electors of a school district before July 1, 2009, is terminated

23   effective for taxable years after 2015. If the electors of a school district subject to

24   this subsection have not approved a levy for taxable years after 2015 of up to a

25   specific number of mills under this section by December 31, 2015, the school

26   district levy limitation for subsequent years is subject to the limitations under

27   section 57-15-01.1 or this section.

28   e.   For taxable years beginning after 2012:

29   (1)   The authority for a levy of up to a specific number of mills, approved by

30   electors of a school district for any period of time that includes a taxable

1   year before 2009, must be reduced by one hundred fifteen mills as a

2   precondition of receiving state aid in accordance with chapter 15.1-27.

3   (2)   The authority for a levy of up to a specific number of mills, approved by

4   electors of a school district for any period of time that does not include a

5   taxable year before 2009, must be reduced by forty mills as a precondition

6   of receiving state aid in accordance with chapter 15.1-27.

7   (3)   The authority for a levy of up to a specific number of mills, placed on the

8   ballot in a school district election for electoral approval of increased levy

9   authority under subdivision a or b, after June 30, 2013 2022, must be stated

10   as a specific number of mills of general fund levy authority and must include

11   a statement that the statutory school district general fund levy limitation is

12   seventy fifty mills on the dollar of the taxable valuation of residential,

13   agricultural, and commercial property in the school district and seventy mills

14   on the dollar of taxable valuation of centrally assessed property in the

15   school district.

16   f.   The authority for an unlimited levy approved by electors of a school district before

17   July 1, 2009, is terminated effective for taxable years after 2015. If the electors of

18   a school district subject to this subsection have not approved a levy of up to a

19   specific number of mills under this section by December 31, 2015, the school

20   district levy limitation for subsequent years is subject to the limitations under

21   section 57-15-01.1 or this section.

22   **SECTION 7. AMENDMENT.** Section 57-15-14.2 of the North Dakota Century Code is

23 amended and reenacted as follows:

24   **57-15-14.2. School district levies. (Effective for taxable years through December 31,**

25 **2024)**

26   1.   The board of a school district may levy a tax not exceeding the amount in dollars that

27   the school district levied for the prior year, plus twelve percent and the dollar amount

28   of the adjustment required in section 15.1-27-04.3, up to a levy of seventy mills on the

29   taxable valuation of the district, for any purpose related to the provision of educational

30   services. The proceeds of this levy must be deposited into the school district's general

1   ~~fund and used in accordance with this subsection. The proceeds may not be~~

2   ~~transferred into any other fund.~~

3   ~~2.~~ ~~The board of a school district may levy no more than twelve mills on the taxable~~

4   ~~valuation of the district, for miscellaneous purposes and expenses. The proceeds of~~

5   ~~this levy must be deposited into a special fund known as the miscellaneous fund and~~

6   ~~used in accordance with this subsection. The proceeds may not be transferred into~~

7   ~~any other fund.~~

8   ~~3.~~ ~~The board of a school district may levy no more than three mills on the taxable~~

9   ~~valuation of the district for deposit into a special reserve fund, in accordance with~~

10   ~~chapter 57-19.~~

11   ~~4.~~ ~~The board of a school district may levy no more than the number of mills necessary,~~

12   ~~on the taxable valuation of the district, for the payment of tuition, in accordance with~~

13   ~~section 15.1-29-15. The proceeds of this levy must be deposited into a special fund~~

14   ~~known as the tuition fund and used in accordance with this subsection. The proceeds~~

15   ~~may not be transferred into any other fund.~~

16   ~~5.~~ ~~The board of a school district may levy no more than five mills on the taxable valuation~~

17   ~~of the district, pursuant to section 57-15-15.1, for purposes of developing a school~~

18   ~~safety plan in accordance with section 15.1-09-60. The proceeds of this levy must be~~

19   ~~deposited into a special fund known as the school safety plan fund and used in~~

20   ~~accordance with this subsection.~~

21   ~~6.~~ ~~Nothing in this section limits the board of a school district from levying:~~

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

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

24   ~~including the mills necessary to pay principal and interest on any bonded debt~~

25   ~~incurred under section 57-15-17.1 before July 1, 2013.~~

26   ~~**School district levies. (Effective for taxable years beginning after December 31, 2024)**~~

27   ~~1.~~ ~~a.~~ ~~The board of a school district may levy a tax not exceeding~~for the school district's

28   local contribution to the costs of education which may not exceed ~~the amount in~~

29   ~~dollars that the school district levied for the prior year, plus twelve percent, up~~

30   ~~to~~would be generated by a levy of seventy~~:~~

1   (1)   Forty mills on the taxable valuation of residential, agricultural, and

2   commercial property in the district, for any purpose related to the provision

3   of educational services. For purposes of this paragraph, "taxable valuation"

4   means, for taxable year 2023, the 2022 taxable valuation of the school

5   district, and for taxable year 2024 and each year thereafter, the 2022

6   taxable valuation increased by five percent per year, or the actual increase

7   in taxable valuation, as compared to the previous year's taxable valuation

8   calculation, whichever is less, beginning with taxable year 2024 and each

9   year thereafter.

10   (2)   Sixty mills on the taxable valuation of centrally assessed property in the

11   district.

12   b.   The proceeds of this levy must be deposited into the school district's general fund

13   and may be used in accordance with this subsectionfor any purposes related to

14   the provision of educational services. The proceeds may not be transferred into

15   any other fund.

16   2.   The board of a school district may levy no more than ten mills on the taxable valuation

17   of the district, for any purpose related to the provision of educational services. The

18   proceeds of this levy must be deposited into the school district's general fund and

19   used in accordance with this subsection. The proceeds may not be transferred into

20   any other fund.

21   3.   The board of a school district may levy no more than twelve mills on the taxable

22   valuation of the district, for miscellaneous purposes and expenses. The proceeds of

23   this levy must be deposited into a special fund known as the miscellaneous fund and

24   used in accordance with this subsection. The proceeds may not be transferred into

25   any other fund.

26   3.4.   The board of a school district may levy no more than three mills on the taxable

27   valuation of the district for deposit into a special reserve fund, in accordance with

28   chapter 57-19.

29   4.5.   The board of a school district may levy no more than the number of mills necessary,

30   on the taxable valuation of the district, for the payment of tuition, in accordance with

31   section 15.1-29-15. The proceeds of this levy must be deposited into a special fund

1   known as the tuition fund and used in accordance with this subsection. The proceeds

2   may not be transferred into any other fund.

3   5.6.   The board of a school district may levy no more than five mills on the taxable valuation

4   of the district, pursuant to section 57-15-15.1, for purposes of developing a school

5   safety plan in accordance with section 15.1-09-60. The proceeds of this levy must be

6   deposited into a special fund known as the school safety plan fund and used in

7   accordance with this subsection.

8   6.7.   Nothing in this section limits the board of a school district from levying:

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

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

11   including the mills necessary to pay principal and interest on any bonded debt

12   incurred under section 57-15-17.1 before July 1, 2013.

13   **SECTION 8. AMENDMENT.** Subdivision c of subsection 1 of section 57-20-07.1 of the

14   North Dakota Century Code is amended and reenacted as follows:

15   c.   ProvideFor tax statements to be mailed to an owner of a residential, agricultural,

16   or commercial parcel of land, provide information identifying the property tax

17   savings provided by the state of North Dakota. The tax statement must include a

18   line item that is entitled "legislative tax relief" and identifies the dollar amount of

19   property tax savings realized by the taxpayer under chapter 50-34 for taxable

20   years before 2019, chapter 50-35 for taxable years after 2018, and chapter

21   15.1-27.

22   (1)   For purposes of this subdivision, legislative tax relief under chapter 15.1-27

23   is determined by multiplying the taxable value for the taxable year for each

24   parcel shown on the tax statement by the number of mills of mill levy

25   reduction grant under chapter 57-64 for the 2012 taxable year plus the

26   number of mills determined by subtracting from the 2012 taxable year mill

27   rate of the school district in which the parcel is located the lesser of:

28   (a)   FiftySeventy mills; or

29   (b)   The 2012 taxable year mill rate of the school district minus sixtyforty

30   mills.

1   ~~(2)   Legislative tax relief under chapter 50-35 is determined by multiplying the~~

2   ~~taxable value for the taxable year for each parcel shown on the tax~~

3   ~~statement by the number of mills of relief determined by dividing the amount~~

4   ~~calculated in subsection 1 of section 50-35-03 for a human service zone by~~

5   ~~the taxable value of taxable property in the zone for the taxable year.~~

6   ~~**SECTION 9. REPEAL.** Sections 15.1-27-04.3, 15.1-27-15.1, and 15.1-27-20.2 of the North~~

7   ~~Dakota Century Code are repealed.~~

8   ~~**SECTION 10. EFFECTIVE DATE.** Sections 5, 6, and 7 of this Act are effective for taxable~~

9   ~~years beginning after December 31, 2022.~~

10   **SECTION 1.** A new section to chapter 57-02 of the North Dakota Century Code is created

11   and enacted as follows:

12   **Primary residence credit - Qualification - Application.**

13   1.   An individual is entitled to a credit of five hundred dollars against the property tax due

14   on the individual's primary residence. The credit may not exceed the amount of

15   property tax due. The credit must be applied to reduce the property tax owed on the

16   individual's primary residence after other exemptions or credits under this chapter

17   have been applied.

18   2.   For purposes of this section, "primary residence" means a dwelling in this state owned

19   and occupied by an individual as that individual's primary place of residence and

20   includes residences taxed under chapter 57-55. An individual may not have more than

21   one primary residence.

22   3.   An individual who does not reside in the primary residence in this state is eligible for

23   the credit under this section if the individual's absence is due to confinement in a

24   nursing home, hospital, or other care facility, for as long as the portion of the primary

25   residence previously occupied by the individual is not rented to another individual.

26   4.   Only one credit under this section may be applied against the property taxes levied

27   against any primary residence.

28   5.   An individual whose primary residence is a farm structure exempt from taxation under

29   subsection 15 of section 57-02-08 is not eligible for a credit under this section.

30   6.   The credit may not reduce the liability for special assessments levied upon any

31   property.

1   7.   To claim a credit under this section, a claimant must sign and file with the county

2   auditor, by April first, an application containing a verified statement of facts

3   establishing the claimant's eligibility as of the date of the claim on a form and in the

4   manner prescribed by the tax commissioner.

5   8.   The tax commissioner shall prescribe, design, and make available all forms necessary

6   to effectuate this section. The county auditors shall make these forms available upon

7   request.

8   **SECTION 2.** A new section to chapter 57-02 of the North Dakota Century Code is created

9 and enacted as follows:

10   **Primary residence credit - Certification - Distribution.**

11   1.   By January first of each year, the county auditor shall certify to the tax commissioner

12   the sum of the credits allowed under section 1 of this Act in the county for the

13   preceding year and provide any other information required by the tax commissioner.

14   2.   By June first of each year, the tax commissioner shall review a sample of the

15   applications from each county and certify to the state treasurer for payment to each

16   county the aggregate dollar amount of credits allowed under section 1 of this Act in

17   each county for the preceding year.

18   3.   By June fifteenth of each year, the state treasurer shall distribute moneys to counties

19   in the amounts certified by the tax commissioner under subsection 2.

20   4.   Within fourteen days of receiving the payment from the state treasurer under

21   subsection 3, but no later than June thirtieth, the county treasurer shall apportion and

22   distribute the payment to the county and to the taxing districts of the county on the

23   same basis as property taxes for the preceding year were apportioned and distributed.

24   5.   Supplemental certifications by the county auditor and the tax commissioner and

25   supplemental payments by the state treasurer may be made after the dates prescribed

26   in this section to make corrections necessary because of errors or approval of any

27   application for abatement filed by an individual because the credit under section 1 of

28   this Act was not allowed.

29   6.   The tax commissioner shall prescribe, design, and make available all forms necessary

30   to effectuate this section.

1   **SECTION 3. AMENDMENT.** Subsection 1 of section 57-38-30.3 of the North Dakota

2 Century Code is amended and reenacted as follows:

3   1.   A tax is hereby imposed for each taxable year upon income earned or received in that

4   taxable year by every resident and nonresident individual, estate, and trust. A taxpayer

5   computing the tax under this section is only eligible for those adjustments or credits

6   that are specifically provided for in this section. Provided, that for purposes of this

7   section, any person required to file a state income tax return under this chapter, but

8   who has not computed a federal taxable income figure, shall compute a federal

9   taxable income figure using a pro forma return in order to determine a federal taxable

10   income figure to be used as a starting point in computing state income tax under this

11   section. The tax for individuals is equal to North Dakota taxable income multiplied by

12   the ~~rates in the applicable~~ rate ~~schedule~~ in subdivisions a through d corresponding to

13   an individual's filing status used for federal income tax purposes. ~~For~~The tax for an

14   estate or trust~~, the schedule~~ is equal to North Dakota taxable income multiplied by the

15   rate in subdivision e ~~must be used for purposes of this subsection~~. The tax to be

16   computed for:

17   a.   Single, other than head of household or ~~surviving spouse~~qualifying widow or

18   widower is one and ninety-nine hundredths percent of North Dakota taxable

19   income exceeding forty-four thousand seven hundred twenty-five dollars.

20   ~~If North Dakota taxable income is:~~

21   ~~Over   Not over   The tax is equal to   Of amount over~~

22   ~~$0 $37,450   1.10% $0~~

23   ~~$37,450 $90,750 $411.95 + 2.04% $37,450~~

24   ~~$90,750 $189,300 $1,499.27 + 2.27% $90,750~~

25   ~~$189,300 $411,500 $3,736.36 + 2.64% $189,300~~

26   ~~$411,500 $9,602.44 + 2.90% $411,500~~

27   b.   Married filing jointly and ~~surviving spouse~~qualifying widow or widower is one and

28   ninety-nine hundredths percent of North Dakota taxable income exceeding

29   seventy-four thousand seven hundred fifty dollars.

30   ~~If North Dakota taxable income is:~~

Over	Not over	The tax is equal to	Of amount over
$0	$62,600	1.10%	$0
$62,600	$151,200	$688.60 + 2.04%	$62,600
$151,200	$230,450	$2,496.04 + 2.27%	$151,200
$230,450	$411,500	$4,295.02 + 2.64%	$230,450
$411,500		$9,074.74 + 2.90%	$411,500

c. Married filing separately is one and ninety-nine hundredths percent of North Dakota taxable income exceeding thirty-seven thousand three hundred seventy-five dollars.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
$0	$31,300	1.10%	$0
$31,300	$75,600	$344.30 + 2.04%	$31,300
$75,600	$115,225	$1,248.02 + 2.27%	$75,600
$115,225	$205,750	$2,147.51 + 2.64%	$115,225
$205,750		$4,537.37 + 2.90%	$205,750

d. Head of household is one and ninety-nine hundredths percent of North Dakota taxable income exceeding fifty-nine thousand nine hundred fifty dollars.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
$0	$50,200	1.10%	$0
$50,200	$129,600	$552.20 + 2.04%	$50,200
$129,600	$209,850	$2,171.96 + 2.27%	$129,600
$209,850	$411,500	$3,993.64 + 2.64%	$209,850
$411,500		$9,317.20 + 2.90%	$411,500

e. Estates and trusts is one and ninety-nine hundredths percent of North Dakota taxable income exceeding three thousand dollars.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
$0	$2,500	1.10%	$0
$2,500	$5,900	$27.50 + 2.04%	$2,500

~~$5,900~~	~~$9,050~~	~~$96.86 + 2.27%~~	~~$5,900~~
~~$9,050~~	~~$12,300~~	~~$168.37 + 2.64%~~	~~$9,050~~
~~$12,300~~		~~$254.17 + 2.90%~~	~~$12,300~~

f. For an individual who is not a resident of this state for the entire year, or for a nonresident estate or trust, the tax is equal to the tax otherwise computed under this subsection multiplied by a fraction in which:

(1) The numerator is the federal adjusted gross income allocable and apportionable to this state; and

(2) The denominator is the federal adjusted gross income from all sources reduced by the net income from the amounts specified in subdivisions a and b of subsection 2.

In the case of married individuals filing a joint return, if one spouse is a resident of this state for the entire year and the other spouse is a nonresident for part or all of the tax year, the tax on the joint return must be computed under this subdivision.

g. The tax commissioner shall prescribe new ~~rate schedules~~rates that apply in lieu of the ~~schedules~~rates set forth in subdivisions a through e. The new ~~schedules~~rates must be determined by increasing the ~~minimum and maximum~~North Dakota taxable income threshold dollar amounts ~~for each income bracket for which a tax is imposed~~ by the cost-of-living adjustment for the taxable year as determined by the secretary of the United States treasury for purposes of section 1(f) of the United States Internal Revenue Code of 1954, as amended. For this purpose, the rate applicable ~~to each income bracket~~ may not be changed, and the manner of applying the cost-of-living adjustment must be the same as that used for adjusting the income brackets for federal income tax purposes.

h. The tax commissioner shall prescribe an optional simplified method of computing tax under this section that may be used by an individual taxpayer who is not entitled to claim an adjustment under subsection 2 or credit against income tax liability under subsection 7.

1   **SECTION 4.** A new subsection to section 57-38-30.3 of the North Dakota Century Code is

2   created and enacted as follows:

3   If the actual general fund revenues exceed the estimated general fund revenues for

4   the twelve-month period ending June thirtieth of an even-numbered year by at least

5   ten percent as determined by the director of the office of management and budget, the

6   rates under subsection 1 must be reduced by one-half percent for the subsequent tax

7   year beginning after December thirty-first of an even-numbered year. The tax

8   commissioner shall publish the reduced rates and notify taxpayers of the reduced

9   rates by November first of an even-numbered year. The tax commissioner may

10   determine the form and manner of publishing the reduced rates and notifying

11   taxpayers, including any notification that taxpayers are not required to file returns or

12   pay taxes. For purposes of this subsection:

13   a.   "Estimated general fund revenues" means the estimated general fund revenues,

14   excluding the July first of an odd-numbered year general fund balance, as

15   reflected in the cashflow forecast developed by the director of the office of

16   management and budget based on the total estimated general fund revenues for

17   the biennium approved by the most recently adjourned special or regular session

18   of the legislative assembly.

19   b.   Any reductions to the rates under subsection 1 apply to tax years beginning after

20   December 31, 2022.

21   c.   The rate reductions must be equally applied to all tax brackets.

22   d.   The reduced rates must be rounded to the nearest one-hundredth of a percent.

23   e.   This subsection does not limit or suspend any provision in chapter 57-38 which is

24   not in conflict with this section, including provisions for assessment and refund

25   under sections 57-38-34.4, 57-38-38, and 57-38-40.

26   **SECTION 5. EFFECTIVE DATE - EXPIRATION DATE.** Section 1 of this Act is effective for

27   the first taxable year beginning after December 31, 2023, and after that date is ineffective.

28   **SECTION 6. EFFECTIVE DATE.** Section 3 of this Act is effective for taxable years

29   beginning after December 31, 2022. Section 2 of this Act becomes effective on July 1, 2024.

30   **SECTION 7. EXPIRATION DATE.** Section 2 of this Act is effective through June 30, 2025,

31   and after that date is ineffective.