

**HOUSE BILL NO. 1158**

Introduced by

Representatives Headland, Bosch, Dockter, Grueneich, Hagert, Heinert

Senators Axtman, Conley, Kannianen, Meyer, K. Roers, Wanzek

1 A BILL for an Act to ~~amend and reenact subsection 1 of section 57-38-30.3 of the North Dakota~~  
 2 ~~Century Code, relating to the imposition of a flat income tax rate of one and one-half percent for~~  
 3 ~~individuals, estates, and trusts; and to provide an effective date.~~ for an Act to amend and reenact  
 4 subsection 3 of section 15.1-27-02, sections 15.1-27-04.1 and 15.1-27-04.2, subsection 1 of  
 5 section 57-02-08.1, sections 57-15-01 and 57-15-01.1, subsection 1 of section 57-15-14,  
 6 section 57-15-14.2, subdivision c of subsection 1 of section 57-20-07.1, and subsection 1 of  
 7 section 57-38-30.3 of the North Dakota Century Code, relating to the determination of state aid  
 8 payments, the homestead tax credit, information displayed on property tax statements, school  
 9 district levy authority, and exempting taxable income in the first income bracket from taxation for  
 10 individuals, estates, and trusts; to repeal sections 15.1-27-04.3, 15.1-27-15.1, and 15.1-27-20.2  
 11 of the North Dakota Century Code, relating to adjustments to state aid payments; to provide an  
 12 appropriation; and to provide an effective date.

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

14 ~~SECTION 1. AMENDMENT.~~ Subsection 1 of section 57-38-30.3 of the North Dakota  
 15 Century Code is amended and reenacted as follows: \_\_\_\_\_  
 16 ~~1. A tax is hereby imposed for each taxable year upon income earned or received in that~~  
 17 ~~taxable year by every resident and nonresident individual, estate, and trust. A taxpayer~~  
 18 ~~computing the tax under this section is only eligible for those adjustments or credits~~  
 19 ~~that are specifically provided for in this section. Provided, that for purposes of this~~  
 20 ~~section, any person required to file a state income tax return under this chapter, but~~  
 21 ~~who has not computed a federal taxable income figure, shall compute a federal~~  
 22 ~~taxable income figure using a pro forma return in order to determine a federal taxable~~  
 23 ~~income figure to be used as a starting point in computing state income tax under this~~  
 24 ~~section. The tax for individuals is equal to North Dakota taxable income multiplied by~~

1 the rates in the applicable rate schedule in subdivisions a through d corresponding to  
 2 an individual's filing status used for federal income tax purposes. For ~~The tax for an~~  
 3 ~~estate or trust, the schedule is equal to North Dakota taxable income multiplied by the~~  
 4 ~~rate in subdivision e must be used for purposes of this subsection. The tax to be~~  
 5 ~~computed for:~~

6 ~~a. Single, other than head of household or surviving spouse qualifying widow or~~  
 7 ~~widower is one and one half percent of North Dakota taxable income exceeding~~  
 8 ~~forty four thousand seven hundred twenty five dollars.~~

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

<del>Over</del>	<del>Not over</del>	<del>The tax is equal to</del>	<del>Of amount over</del>
<del>\$0</del>	<del>\$37,450</del>	<del>1.10%</del>	<del>\$0</del>
<del>\$37,450</del>	<del>\$90,750</del>	<del>\$411.95 + 2.04%</del>	<del>\$37,450</del>
<del>\$90,750</del>	<del>\$189,300</del>	<del>\$1,499.27 + 2.27%</del>	<del>\$90,750</del>
<del>\$189,300</del>	<del>\$411,500</del>	<del>\$3,736.36 + 2.64%</del>	<del>\$189,300</del>
<del>\$411,500</del>		<del>\$9,602.44 + 2.90%</del>	<del>\$411,500</del>

16 ~~b. Married filing jointly and surviving spouse qualifying widow or widower is one and~~  
 17 ~~one half percent of North Dakota taxable income exceeding seventy four~~  
 18 ~~thousand seven hundred fifty dollars.~~

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

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

26 ~~c. Married filing separately is one and one half percent of North Dakota taxable~~  
 27 ~~income exceeding thirty seven thousand three hundred seventy five dollars.~~

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

<del>Over</del>	<del>Not over</del>	<del>The tax is equal to</del>	<del>Of amount over</del>
<del>\$0</del>	<del>\$31,300</del>	<del>1.10%</del>	<del>\$0</del>
<del>\$31,300</del>	<del>\$75,600</del>	<del>\$344.30 + 2.04%</del>	<del>\$31,300</del>

Sixty-eighth  
Legislative Assembly

1 ~~————— \$75,600 ————— \$115,225 ————— \$1,248.02 + 2.27% ————— \$75,600~~

2 ~~————— \$115,225 ————— \$205,750 ————— \$2,147.51 + 2.64% ————— \$115,225~~

3 ~~————— \$205,750 ————— \$4,537.37 + 2.90% ————— \$205,750~~

4 ~~————— d. Head of household is one and one half percent of North Dakota taxable income~~  
5 ~~————— exceeding fifty-nine thousand nine hundred fifty dollars.~~

6 ~~————— If North Dakota taxable income is:~~

7 ~~————— Over ————— Not over ————— The tax is equal to ————— Of amount over~~

8 ~~————— \$0 \$50,200 ————— 1.10% ————— \$0~~

9 ~~————— \$50,200 ————— \$129,600 ————— \$552.20 + 2.04% ————— \$50,200~~

10 ~~————— \$129,600 ————— \$209,850 ————— \$2,171.96 + 2.27% ————— \$129,600~~

11 ~~————— \$209,850 ————— \$411,500 ————— \$3,993.64 + 2.64% ————— \$209,850~~

12 ~~————— \$411,500 ————— \$9,317.20 + 2.90% ————— \$411,500~~

13 ~~————— e. Estates and trusts is one and one half percent of North Dakota taxable income~~  
14 ~~————— exceeding three thousand dollars.~~

15 ~~————— If North Dakota taxable income is:~~

16 ~~————— Over ————— Not over ————— The tax is equal to ————— Of amount over~~

17 ~~————— \$0 \$2,500 ————— 1.10% ————— \$0~~

18 ~~————— \$2,500 ————— \$5,900 ————— \$27.50 + 2.04% \$2,500~~

19 ~~————— \$5,900 ————— \$9,050 ————— \$96.86 + 2.27% \$5,900~~

20 ~~————— \$9,050 ————— \$12,300 ————— \$168.37 + 2.64% ————— \$9,050~~

21 ~~————— \$12,300 ————— \$254.17 + 2.90% ————— \$12,300~~

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

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

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

30 ~~————— In the case of married individuals filing a joint return, if one spouse is a resident~~  
31 ~~————— of this state for the entire year and the other spouse is a nonresident for part or~~

1 all of the tax year, the tax on the joint return must be computed under this  
2 subdivision.

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

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

18 ~~SECTION 2. EFFECTIVE DATE.~~ This Act is effective for taxable years beginning after  
19 December 31, 2022.

20 **SECTION 1. AMENDMENT.** Subsection 3 of section 15.1-27-02 of the North Dakota  
21 Century Code is amended and reenacted as follows:

22 3. On or before December fifteenth, each school district shall file with the superintendent  
23 of public instruction the taxable valuation and mill levy certifications, which must be  
24 separated by property classification. If a district fails to file the taxable valuation and  
25 mill levy certifications by the required date, the superintendent of public instruction  
26 may not forward to the district any state aid payments to which the district is entitled,  
27 until the taxable valuation and mill levy certifications are filed.

28 **SECTION 2. AMENDMENT.** Section 15.1-27-04.1 of the North Dakota Century Code is  
29 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(e)(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~~

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~~one hundred ten percent of the district's baseline funding per weighted student unit. The transition maximum is determined by multiplying the transition maximum rate, which may not exceed the rate under paragraph 1 of subdivision b of this subsection, by the district's weighted student units from the previous school year.~~

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

~~a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the school district, except the amount in dollars subtracted for purposes of this subdivision may not exceed the previous year's amount in dollars subtracted for purposes of this subdivision by more than twelve percent, adjusted pursuant to section 15.1-27-04.3; and~~

~~b. Subtract an amount equal to seventy five percent of all revenue types listed in subdivisions c and d of subsection 1. Before determining the deduction for seventy five percent of all revenue types, the superintendent of public instruction shall adjust revenues as follows:~~

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

~~(a) In addition to deducting tuition revenue received specifically for the operation of an educational program provided at a residential treatment facility, tuition revenue received for the provision of an adult farm management program, and tuition received under an agreement to educate students from a school district on an air force base with funding received through federal impact aid as directed each school year in paragraph 3 of subdivision c of subsection 1, the superintendent of public instruction also shall reduce the total tuition reported by the school district by the amount of tuition revenue received for the education of students not residing in the state and for which the state has not entered a cross border education contract; and~~

~~(b) The superintendent of public instruction also shall reduce the total tuition reported by admitting school districts meeting the requirements~~

1 ~~of subdivision c 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;

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- b. An amount equal to the property tax deducted by the superintendent of public instruction to determine the 2018-19 state aid payment;
- c. An amount equal to seventy-five percent of the revenue received by the school district during the 2017-18 school year for the following revenue types:
  - (1) Revenue 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) Mineral revenue received by the school district through direct allocation from the state treasurer and not 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;
  - (3) Tuition 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~~:
    - (a) Revenue received specifically for the operation of an educational program provided at a residential treatment facility, ~~tuition~~;
    - (b) Tuition received for the provision of an adult farm management program; and ~~beginning~~
    - (c) Beginning in the:
      - [1] 2023-24 school year, fifty-one percent of tuition received under an agreement to educate students from a school district on an air force base with funding received through federal impact aid;
      - [2] 2024-25 school year, sixty-eight percent of tuition received under an agreement to educate students from a school district on an air force base with funding received through federal impact aid;
      - [3] 2025-26 school year, eighty-five percent of tuition received under an agreement to educate students from a school district on an air force base with funding received through federal impact aid,  
~~until the; and~~

- 1 | ~~when~~ <sup>[4]</sup> 2026-27 school year, and each school year thereafter, ~~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~~

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~~established in subsection 2, multiplied by the district's weighted student units from the previous school year.~~

~~(3)~~ For the 2023-24 school year, the transition maximum rate is one hundred ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, plus twenty percent of the difference between the rate under paragraph 1 of subdivision b of this subsection and one hundred ten percent of the district's baseline funding per weighted student unit. The transition maximum is determined by multiplying the transition maximum rate, which may not exceed the rate under paragraph 1 of subdivision b of this subsection, by the district's weighted student units from the previous school year.

~~(4)~~(2) For the 2024-25 school year, the transition maximum rate is one hundred ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, plus forty percent of the difference between the rate under paragraph 1 of subdivision b of this subsection and one hundred ten percent of the district's baseline funding per weighted student unit. The transition maximum is determined by multiplying the transition maximum rate, which may not exceed the rate under paragraph 1 of subdivision b of this subsection, by the district's weighted student units from the previous school year.

~~(5)~~(3) For the 2025-26 school year, the transition maximum rate is one hundred ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, plus sixty percent of the difference between the rate under paragraph 1 of subdivision b of this subsection and one hundred ten percent of the district's baseline funding per weighted student unit. The transition maximum is determined by multiplying the transition maximum rate, which may not exceed the rate under paragraph 1 of subdivision b of this subsection, by the district's weighted student units from the previous school year.

~~(6)~~(4) For the 2026-27 school year, the transition maximum rate is one hundred 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 ~~sixty~~the 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 ~~2020~~2022 by the school district for  
15 sinking and interest relative to the total mills levied in ~~2020~~2022 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 sixty deduct 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.** Subsection 1 of section 57-02-08.1 of the North Dakota  
16 Century Code is amended and reenacted as follows:

- 17 1. a. Any person sixty-five years of age or older or permanently and totally disabled, in  
18 the year in which the tax was levied, with an income that does not exceed the  
19 limitations of subdivision c is entitled to receive a reduction in the assessment on  
20 the taxable valuation on the person's homestead. An exemption under this  
21 subsection applies regardless of whether the person is the head of a family.
- 22 b. The exemption under this subsection continues to apply if the person does not  
23 reside in the homestead and the person's absence is due to confinement in a  
24 nursing home, hospital, or other care facility, for as long as the portion of the  
25 homestead previously occupied by the person is not rented to another person.
- 26 c. The exemption must be determined according to the following schedule:
- 27 (1) If the person's income is not in excess of ~~twenty-two~~twenty-five thousand dollars, a  
28 reduction of one hundred percent of the taxable valuation of the person's  
29 homestead up to a maximum reduction of ~~five~~nine thousand ~~six hundred~~  
30 ~~twenty-five~~ dollars of taxable valuation.

- 1 (2) If the person's income is in excess of ~~twenty-two~~<sup>fifty</sup> thousand dollars and  
2 not in excess of ~~twenty-six~~<sup>seventy-five</sup> thousand dollars, a reduction of  
3 ~~eighty~~<sup>fifty</sup> percent of the taxable valuation of the person's homestead up to  
4 a maximum reduction of four thousand five hundred dollars of taxable  
5 valuation.
- 6 ~~(3) If the person's income is in excess of twenty-six thousand dollars and not in~~  
7 ~~excess of thirty thousand dollars, a reduction of sixty percent of the taxable~~  
8 ~~valuation of the person's homestead up to a maximum reduction of three~~  
9 ~~thousand three hundred seventy-five dollars of taxable valuation.~~
- 10 ~~(4) If the person's income is in excess of thirty thousand dollars and not in~~  
11 ~~excess of thirty-four thousand dollars, a reduction of forty percent of the~~  
12 ~~taxable valuation of the person's homestead up to a maximum reduction of~~  
13 ~~two thousand two hundred fifty dollars of taxable valuation.~~
- 14 ~~(5) If the person's income is in excess of thirty-four thousand dollars and not in~~  
15 ~~excess of thirty-eight thousand dollars, a reduction of twenty percent of the~~  
16 ~~taxable valuation of the person's homestead up to a maximum reduction of~~  
17 ~~one thousand one hundred twenty-five dollars of taxable valuation.~~
- 18 ~~(6) If the person's income is in excess of thirty-eight thousand dollars and not in~~  
19 ~~excess of forty-two thousand dollars, a reduction of ten percent of the~~  
20 ~~taxable valuation of the person's homestead up to a maximum reduction of~~  
21 ~~five hundred sixty-three dollars of taxable valuation.~~
- 22 d. Persons residing together, as spouses or when one or more is a dependent of  
23 another, are entitled to only one exemption between or among them under this  
24 subsection. Persons residing together, who are not spouses or dependents, who  
25 are co-owners of the property are each entitled to a percentage of a full  
26 exemption under this subsection equal to their ownership interests in the  
27 property.
- 28 e. This subsection does not reduce the liability of any person for special  
29 assessments levied upon any property.

1 f. Any person claiming the exemption under this subsection shall sign a verified  
2 statement of facts establishing the person's eligibility. Any income information  
3 contained in the statement of facts is a confidential record.

4 g. ~~A person is ineligible for the exemption under this subsection if the value of the  
5 assets of the person and any dependent residing with the person exceeds five  
6 hundred thousand dollars, including the value of any assets divested within the  
7 last three years.~~

8 ~~h.~~ The assessor shall attach the statement filed under subdivision f to the  
9 assessment sheet and shall show the reduction on the assessment sheet.

10 ~~i.~~ An exemption under this subsection terminates at the end of the taxable year of  
11 the death of the applicant.

12 i. A person who is eligible for an exemption under this subsection is eligible to  
13 receive a full or partial exemption under this subsection based on the date of  
14 submission of the verified statement of facts required under subdivision f. If the  
15 person submits the verified statement of facts:

16 (1) By February first of the current taxable year, the person is eligible for the full  
17 exemption under this subsection.

18 (2) After February first of the current taxable year and no later than November  
19 fifth of the current taxable year, the person is eligible to receive a pro rata  
20 share of the exemption under this subsection. To claim a pro rata share of  
21 the exemption under this subsection, the person shall submit the verified  
22 statement of facts by the fifth day of the month preceding the first full month  
23 of the prorated exemption. The tax commissioner shall calculate the pro rata  
24 share of the exemption based on the number of months remaining in the  
25 taxable year, beginning the month after the verified statement of facts is  
26 timely submitted.

27 **SECTION 5. AMENDMENT.** Section 57-15-01 of the North Dakota Century Code is  
28 amended and reenacted as follows:

29 **57-15-01. Levy in specific amounts - Exceptions.**

30 With the exception of special assessment taxes and such general taxes as may be  
31 definitely fixed by law, all state, county, city, township, school district, and park district taxes

1 must be levied or voted in specific amounts of money. For purposes of communicating with the  
2 public and comparing the amount levied in the current taxable year to the amount levied in the  
3 preceding taxable year, taxing districts shall express levies in terms of dollars rather than mills.

4 **SECTION 6. AMENDMENT.** Section 57-15-01.1 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6 **57-15-01.1. Protection of taxpayers and taxing districts.**

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

9 1. No taxing district may levy more taxes expressed in dollars than the amounts allowed  
10 by this section.

11 2. For purposes of this section:

12 a. "Base year" means the taxing district's taxable year with the highest amount  
13 levied in dollars in property taxes of the three taxable years immediately  
14 preceding the budget year~~;~~.

15 b. "Budget year" means the taxing district's year for which the levy is being  
16 determined under this section~~;~~.

17 c. "Calculated mill rate" means the mill rate that results from dividing the base year  
18 taxes levied by the sum of the taxable value of the taxable property in the base  
19 year plus the taxable value of the property exempt by local discretion or  
20 charitable status, calculated in the same manner as the taxable property~~;~~ ~~and~~.

21 d. "Property exempt by local discretion or charitable status" means property  
22 exempted from taxation as new or expanding businesses under chapter 40-57.1;  
23 improvements to property under chapter 57-02.2; or buildings belonging to  
24 institutions of public charity, new single-family residential or townhouse or  
25 condominium property, property used for early childhood services, or pollution  
26 abatement improvements under section 57-02-08.

27 e. "Taxing district" means any political subdivision, other than a school district,  
28 empowered by law to levy taxes.

29 3. A taxing district may elect to levy the amount levied in dollars in the base year. Any  
30 levy under this section must be specifically approved by a resolution approved by the

- 1 governing body of the taxing district. Before determining the levy limitation under this  
2 section, the dollar amount levied in the base year must be:
- 3 a. Reduced by an amount equal to the sum determined by application of the base  
4 year's calculated mill rate for that taxing district to the final base year taxable  
5 valuation of any taxable property and property exempt by local discretion or  
6 charitable status which is not included in the taxing district for the budget year but  
7 was included in the taxing district for the base year.
- 8 b. Increased by an amount equal to the sum determined by the application of the  
9 base year's calculated mill rate for that taxing district to the final budget year  
10 taxable valuation of any taxable property or property exempt by local discretion or  
11 charitable status which was not included in the taxing district for the base year  
12 but which is included in the taxing district for the budget year.
- 13 c. Reduced to reflect expired temporary mill levy increases authorized by the  
14 electors of the taxing district. ~~For purposes of this subdivision, an expired~~  
15 ~~temporary mill levy increase does not include a school district general fund mill~~  
16 ~~rate exceeding one hundred ten mills which has expired or has not received~~  
17 ~~approval of electors for an extension under subsection 2 of section 57-64-03.~~
- 18 ~~d. Reduced by the amount of state aid under chapter 15.1-27, which is determined~~  
19 ~~by multiplying the budget year taxable valuation of the school district by the~~  
20 ~~lesser of the base year mill rate of the school district minus sixty mills or fifty~~  
21 ~~mills, if the base year is a taxable year before 2013.~~
- 22 4. In addition to any other levy limitation factor under this section, a taxing district may  
23 increase its levy in dollars to reflect new or increased mill levies authorized by the  
24 legislative assembly or authorized by the electors of the taxing district.
- 25 5. Under this section a taxing district may supersede any applicable mill levy limitations  
26 otherwise provided by law, or a taxing district may levy up to the mill levy limitations  
27 otherwise provided by law without reference to this section, but the provisions of this  
28 section do not apply to the following:
- 29 a. Any irrevocable tax to pay bonded indebtedness levied pursuant to section 16 of  
30 article X of the Constitution of North Dakota.

1           b. The one-mill levy for the state medical center authorized by section 10 of article X  
2           of the Constitution of North Dakota.

3           6. ~~A school district choosing to determine its levy authority under this section may apply~~  
4           ~~subsection 3 only to the amount in dollars levied for general fund purposes under~~  
5           ~~section 57-15-14 or, if the levy in the base year included separate general fund and~~  
6           ~~special fund levies under sections 57-15-14 and 57-15-14.2, the school district may~~  
7           ~~apply subsection 3 to the total amount levied in dollars in the base year for both the~~  
8           ~~general fund and special fund accounts. School district levies under any section other~~  
9           ~~than section 57-15-14 may be made within applicable limitations but those levies are~~  
10           ~~not subject to subsection 3.~~

11           7. Optional levies under this section may be used by any city or county that has adopted  
12           a home rule charter unless the provisions of the charter supersede state laws related  
13           to property tax levy limitations.

14           **SECTION 7. AMENDMENT.** Subsection 1 of section 57-15-14 of the North Dakota Century  
15           Code is amended and reenacted as follows:

16           1. Unless authorized by the electors of the school district in accordance with this section,  
17           a school district may not impose greater levies than those permitted under section  
18           57-15-14.2.

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

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

28           c. After June 30, 2009, in any school district election for approval by electors of  
29           increased levy authority under subsection 1 or 2, the ballot must specify the  
30           number of mills proposed for approval, and the number of taxable years for which  
31           that approval is to apply. After June 30, 2009, approval by electors of increased



- 1           levy authority under subsection 1 or 2 may not be effective for more than ten  
2           taxable years.
- 3           d.   The authority for a levy of up to a specific number of mills under this section  
4           approved by electors of a school district before July 1, 2009, is terminated  
5           effective for taxable years after 2015. If the electors of a school district subject to  
6           this subsection have not approved a levy for taxable years after 2015 of up to a  
7           specific number of mills under this section by December 31, 2015, the school  
8           district levy limitation for subsequent years is subject to the limitations under  
9           ~~section 57-15-01.1~~ or this section.
- 10          e.   For taxable years beginning after 2012:
- 11           (1)   The authority for a levy of up to a specific number of mills, approved by  
12           electors of a school district for any period of time that includes a taxable  
13           year before 2009, must be reduced by one hundred fifteen mills as a  
14           precondition of receiving state aid in accordance with chapter 15.1-27.
- 15           (2)   The authority for a levy of up to a specific number of mills, approved by  
16           electors of a school district for any period of time that does not include a  
17           taxable year before 2009, must be reduced by forty mills as a precondition  
18           of receiving state aid in accordance with chapter 15.1-27.
- 19           (3)   The authority for a levy of up to a specific number of mills, placed on the  
20           ballot in a school district election for electoral approval of increased levy  
21           authority under subdivision a or b, after June 30, ~~2013~~<sup>2022</sup>, must be stated  
22           as a specific number of mills of general fund levy authority and must include  
23           a statement that the statutory school district general fund levy limitation is  
24           ~~seventy~~<sup>fifty</sup> mills on the dollar of the taxable valuation of residential,  
25           agricultural, and commercial property in the school district and seventy mills  
26           on the dollar of taxable valuation of centrally assessed property in the  
27           school district.
- 28          f.   The authority for an unlimited levy approved by electors of a school district before  
29           July 1, 2009, is terminated effective for taxable years after 2015. If the electors of  
30           a school district subject to this subsection have not approved a levy of up to a  
31           specific number of mills under this section by December 31, 2015, the school

1 district levy limitation for subsequent years is subject to the limitations under  
2 ~~section 57-15-01.1~~ or this section.

3 **SECTION 8. AMENDMENT.** Section 57-15-14.2 of the North Dakota Century Code is  
4 amended and reenacted as follows:

5 **57-15-14.2. School district levies. (~~Effective for taxable years through December 31,~~**  
6 **~~2024~~)**

7 ~~1. The board of a school district may levy a tax not exceeding the amount in dollars that~~  
8 ~~the school district levied for the prior year, plus twelve percent and the dollar amount~~  
9 ~~of the adjustment required in section 15.1-27-04.3, up to a levy of seventy mills on the~~  
10 ~~taxable valuation of the district, for any purpose related to the provision of educational~~  
11 ~~services. The proceeds of this levy must be deposited into the school district's general~~  
12 ~~fund and used in accordance with this subsection. The proceeds may not be~~  
13 ~~transferred into any other fund.~~

14 ~~2. The board of a school district may levy no more than twelve mills on the taxable~~  
15 ~~valuation of the district, for miscellaneous purposes and expenses. The proceeds of~~  
16 ~~this levy must be deposited into a special fund known as the miscellaneous fund and~~  
17 ~~used in accordance with this subsection. The proceeds may not be transferred into~~  
18 ~~any other fund.~~

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

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

27 ~~5. The board of a school district may levy no more than five mills on the taxable valuation~~  
28 ~~of the district, pursuant to section 57-15-15.1, for purposes of developing a school~~  
29 ~~safety plan in accordance with section 15.1-09-60. The proceeds of this levy must be~~  
30 ~~deposited into a special fund known as the school safety plan fund and used in~~  
31 ~~accordance with this subsection.~~

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

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

3 ~~b. Mills necessary to pay principal and interest on the bonded debt of the district,~~  
4 ~~including the mills necessary to pay principal and interest on any bonded debt~~  
5 ~~incurred under section 57 15 17.1 before July 1, 2013.~~

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

7 1. ~~a. The board of a school district may levy a tax not exceeding for the school district's~~  
8 ~~local contribution to the costs of education which may not exceed the amount in~~  
9 ~~dollars that the school district levied for the prior year, plus twelve percent, up~~  
10 ~~to would be generated by a levy of ~~seventy~~:~~

11 ~~(1) Forty mills on the taxable valuation of residential, agricultural, and~~  
12 ~~commercial property in the district, ~~for any purpose related to the provision~~~~  
13 ~~~~of educational services.~~ For purposes of this paragraph, "taxable valuation"~~  
14 ~~means, for taxable year 2023, the 2022 taxable valuation of the school~~  
15 ~~district, and for taxable year 2024 and each year thereafter, the 2022~~  
16 ~~taxable valuation increased by five percent per year, or the actual increase~~  
17 ~~in taxable valuation, as compared to the previous year's taxable valuation~~  
18 ~~calculation, whichever is less, beginning with taxable year 2024 and each~~  
19 ~~year thereafter.~~

20 ~~(2) Sixty mills on the taxable valuation of centrally assessed property in the~~  
21 ~~district.~~

22 ~~b. The proceeds of this levy must be deposited into the school district's general fund~~  
23 ~~and may be used in accordance with this subsection for any purposes related to~~  
24 ~~the provision of educational services. The proceeds may not be transferred into~~  
25 ~~any other fund.~~

26 2. ~~The board of a school district may levy no more than ten mills on the taxable valuation~~  
27 ~~of the district, for any purpose related to the provision of educational services. The~~  
28 ~~proceeds of this levy must be deposited into the school district's general fund and~~  
29 ~~used in accordance with this subsection. The proceeds may not be transferred into~~  
30 ~~any other fund.~~

1 3. The board of a school district may levy no more than twelve mills on the taxable  
2 valuation of the district, for miscellaneous purposes and expenses. The proceeds of  
3 this levy must be deposited into a special fund known as the miscellaneous fund and  
4 used in accordance with this subsection. The proceeds may not be transferred into  
5 any other fund.

6 ~~3.4.~~ The board of a school district may levy no more than three mills on the taxable  
7 valuation of the district for deposit into a special reserve fund, in accordance with  
8 chapter 57-19.

9 4.5. The board of a school district may levy no more than the number of mills necessary,  
10 on the taxable valuation of the district, for the payment of tuition, in accordance with  
11 section 15.1-29-15. The proceeds of this levy must be deposited into a special fund  
12 known as the tuition fund and used in accordance with this subsection. The proceeds  
13 may not be transferred into any other fund.

14 5.6. The board of a school district may levy no more than five mills on the taxable valuation  
15 of the district, pursuant to section 57-15-15.1, for purposes of developing a school  
16 safety plan in accordance with section 15.1-09-60. The proceeds of this levy must be  
17 deposited into a special fund known as the school safety plan fund and used in  
18 accordance with this subsection.

19 6.7. Nothing in this section limits the board of a school district from levying:  
20 a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and  
21 b. Mills necessary to pay principal and interest on the bonded debt of the district,  
22 including the mills necessary to pay principal and interest on any bonded debt  
23 incurred under section 57-15-17.1 before July 1, 2013.

24 **SECTION 9. AMENDMENT.** Subdivision c of subsection 1 of section 57-20-07.1 of the  
25 North Dakota Century Code is amended and reenacted as follows:

26 c. ~~Provide~~ For tax statements to be mailed to an owner of a residential, agricultural,  
27 or commercial parcel of land, provide information identifying the property tax  
28 savings provided by the state of North Dakota. The tax statement must include a  
29 line item that is entitled "legislative tax relief" and identifies the dollar amount of  
30 property tax savings realized by the taxpayer under chapter 50-34 for taxable

1 years before 2019, chapter 50-35 for taxable years after 2018, and chapter  
2 15.1-27.

3 (1) For purposes of this subdivision, legislative tax relief under chapter 15.1-27  
4 is determined by multiplying the taxable value for the taxable year for each  
5 parcel shown on the tax statement by the number of mills of mill levy  
6 reduction grant under chapter 57-64 for the 2012 taxable year plus the  
7 ~~number of mills determined by subtracting from the 2012 taxable year mill~~  
8 ~~rate of the school district in which the parcel is located the~~ lesser of:

9 (a) ~~Fifty~~Seventy mills; or

10 (b) The 2012 taxable year mill rate of the school district minus ~~sixty~~forty  
11 mills.

12 (2) Legislative tax relief under chapter 50-35 is determined by multiplying the  
13 taxable value for the taxable year for each parcel shown on the tax  
14 statement by the number of mills of relief determined by dividing the amount  
15 calculated in subsection 1 of section 50-35-03 for a human service zone by  
16 the taxable value of taxable property in the zone for the taxable year.

17 **SECTION 10. AMENDMENT. Subsection 1 of section 57-38-30.3 of the North Dakota**  
18 **Century Code is amended and reenacted as follows:**

19 1. A tax is hereby imposed for each taxable year upon income earned or received in that  
20 taxable year by every resident and nonresident individual, estate, and trust. A taxpayer  
21 computing the tax under this section is only eligible for those adjustments or credits  
22 that are specifically provided for in this section. Provided, that for purposes of this  
23 section, any person required to file a state income tax return under this chapter, but  
24 who has not computed a federal taxable income figure, shall compute a federal  
25 taxable income figure using a pro forma return in order to determine a federal taxable  
26 income figure to be used as a starting point in computing state income tax under this  
27 section. The tax for individuals is equal to North Dakota taxable income multiplied by  
28 the rates in the applicable rate schedule in subdivisions a through d corresponding to  
29 an individual's filing status used for federal income tax purposes. For an estate or  
30 trust, the schedule in subdivision e must be used for purposes of this subsection.

31 a. Single, other than head of household or surviving spouse.

	If North Dakota taxable income is:			
	Over	Not over	The tax is equal to	Of amount over
1				
2				
3	<del>\$0</del>	<del>\$37,450</del>	<del>1.10%</del>	<del>\$0</del>
4	<del>\$37,450</del>	<del>\$90,750</del>	<del>\$411.95 + 2.04%</del>	<del>\$37,450</del>
5	<del>\$90,750</del>	<del>\$189,300</del>	<del>\$1,499.27 + 2.27%</del>	<del>\$90,750</del>
6	<del>\$189,300</del>	<del>\$411,500</del>	<del>\$3,736.36 + 2.64%</del>	<del>\$189,300</del>
7	<del>\$411,500</del>		<del>\$9,602.44 + 2.90%</del>	<del>\$411,500</del>
8	\$0	\$44,725	\$0.00 + 0.00%	\$0
9	\$44,725	\$108,325	\$0.00 + 2.04%	\$44,725
10	\$108,325	\$225,975	\$1,297.44 + 2.27%	\$108,325
11	\$225,975	\$491,350	\$3,968.10 + 2.64%	\$225,975
12	\$491,350		\$10,974.00 + 2.90%	\$491,350
13	b. Married filing jointly and surviving spouse.			
14	If North Dakota taxable income is:			
15	Over	Not over	The tax is equal to	Of amount over
16	<del>\$0</del>	<del>\$62,600</del>	<del>1.10%</del>	<del>\$0</del>
17	<del>\$62,600</del>	<del>\$151,200</del>	<del>\$688.60 + 2.04%</del>	<del>\$62,600</del>
18	<del>\$151,200</del>	<del>\$230,450</del>	<del>\$2,496.04 + 2.27%</del>	<del>\$151,200</del>
19	<del>\$230,450</del>	<del>\$411,500</del>	<del>\$4,295.02 + 2.64%</del>	<del>\$230,450</del>
20	<del>\$411,500</del>		<del>\$9,074.74 + 2.90%</del>	<del>\$411,500</del>
21	\$0	\$74,750	\$0 + 0.00%	\$0
22	\$74,750	\$180,550	\$0.00 + 2.04%	\$74,750
23	\$180,550	\$275,100	\$2,158.32 + 2.27%	\$180,550
24	\$275,100	\$491,350	\$4,304.61 + 2.64%	\$275,100
25	\$491,350		\$10,013.61 + 2.90%	\$491,350
26	c. Married filing separately.			
27	If North Dakota taxable income is:			
28	Over	Not over	The tax is equal to	Of amount over
29	<del>\$0</del>	<del>\$31,300</del>	<del>1.10%</del>	<del>\$0</del>
30	<del>\$31,300</del>	<del>\$75,600</del>	<del>\$344.30 + 2.04%</del>	<del>\$31,300</del>
31	<del>\$75,600</del>	<del>\$115,225</del>	<del>\$1,248.02 + 2.27%</del>	<del>\$75,600</del>

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1	<del>\$115,225</del>	<del>\$205,750</del>	<del>\$2,147.51 + 2.64%</del>	<del>\$115,225</del>
2	<del>\$205,750</del>		<del>\$4,537.37 + 2.90%</del>	<del>\$205,750</del>
3	<del>\$0</del>	<del>\$37,375</del>	<del>\$0 + 0.00%</del>	<del>\$0</del>
4	<del>\$37,375</del>	<del>\$90,275</del>	<del>\$0.00 + 2.04%</del>	<del>\$37,375</del>
5	<del>\$90,275</del>	<del>\$137,550</del>	<del>\$1,079.16 + 2.27%</del>	<del>\$90,275</del>
6	<del>\$137,550</del>	<del>\$245,675</del>	<del>\$2,152.30 + 2.64%</del>	<del>\$137,550</del>
7	<del>\$245,675</del>		<del>\$5,006.80 + 2.90%</del>	<del>\$245,675</del>
8	d. Head of household.			
9	If North Dakota taxable income is:			
10	Over	Not over	The tax is equal to	Of amount over
11	<del>\$0</del>	<del>\$50,200</del>	<del>1.10%</del>	<del>\$0</del>
12	<del>\$50,200</del>	<del>\$129,600</del>	<del>\$552.20 + 2.04%</del>	<del>\$50,200</del>
13	<del>\$129,600</del>	<del>\$209,850</del>	<del>\$2,171.96 + 2.27%</del>	<del>\$129,600</del>
14	<del>\$209,850</del>	<del>\$411,500</del>	<del>\$3,993.64 + 2.64%</del>	<del>\$209,850</del>
15	<del>\$411,500</del>		<del>\$9,317.20 + 2.90%</del>	<del>\$411,500</del>
16	<del>\$0</del>	<del>\$59,950</del>	<del>\$0 + 0.00%</del>	<del>\$0</del>
17	<del>\$59,950</del>	<del>\$154,750</del>	<del>\$0.00 + 2.04%</del>	<del>\$59,950</del>
18	<del>\$154,750</del>	<del>\$250,550</del>	<del>\$1,933.92 + 2.27%</del>	<del>\$154,750</del>
19	<del>\$250,550</del>	<del>\$491,350</del>	<del>\$4,108.58 + 2.64%</del>	<del>\$250,550</del>
20	<del>\$491,350</del>		<del>\$10,465.70 + 2.90%</del>	<del>\$491,350</del>
21	e. Estates and trusts.			
22	If North Dakota taxable income is:			
23	Over	Not over	The tax is equal to	Of amount over
24	<del>\$0</del>	<del>\$2,500</del>	<del>1.10%</del>	<del>\$0</del>
25	<del>\$2,500</del>	<del>\$5,900</del>	<del>\$27.50 + 2.04%</del>	<del>\$2,500</del>
26	<del>\$5,900</del>	<del>\$9,050</del>	<del>\$96.86 + 2.27%</del>	<del>\$5,900</del>
27	<del>\$9,050</del>	<del>\$12,300</del>	<del>\$168.37 + 2.64%</del>	<del>\$9,050</del>
28	<del>\$12,300</del>		<del>\$254.17 + 2.90%</del>	<del>\$12,300</del>
29	<del>\$0</del>	<del>\$3,000</del>	<del>\$0 + 0.00%</del>	<del>\$0</del>
30	<del>\$3,000</del>	<del>\$7,050</del>	<del>\$0.00 + 2.04%</del>	<del>\$3,000</del>
31	<del>\$7,050</del>	<del>\$10,750</del>	<del>\$82.62 + 2.27%</del>	<del>\$7,050</del>

1	\$10,750	\$14,650	\$166.61 + 2.64%	\$10,750
2	\$14,650		\$269.57 + 2.90%	\$14,650

- 3 f. For an individual who is not a resident of this state for the entire year, or for a  
4 nonresident estate or trust, the tax is equal to the tax otherwise computed under  
5 this subsection multiplied by a fraction in which:
- 6 (1) The numerator is the federal adjusted gross income allocable and  
7 apportionable to this state; and
- 8 (2) The denominator is the federal adjusted gross income from all sources  
9 reduced by the net income from the amounts specified in subdivisions a and  
10 b of subsection 2.

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

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

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

29 **SECTION 11. REPEAL.** Section 15.1-27-04.3, 15.1-27-15.1, and 15.1-27-20.2 of the North  
30 Dakota Century Code are repealed.



1       **SECTION 12. APPROPRIATION - HOMESTEAD TAX CREDIT PROGRAM.** There is  
2 appropriated out of any moneys in the general fund in the state treasury, not otherwise  
3 appropriated, the sum of \$80,000,000, or so much of the sum as may be necessary, to the tax  
4 commissioner for the purpose of paying the state reimbursement under the homestead tax  
5 credit, for the biennium beginning July 1, 2023, and ending June 30, 2025.

6       **SECTION 13. EFFECTIVE DATE.** Sections 4, 6, 7, 8, and 10 of this Act are effective for  
7 taxable years beginning after December 31, 2022.

