

**SECOND ENGROSSMENT**

**REENGROSSED HOUSE BILL NO. 1168**

Introduced by

Representatives Louser, Jonas, Monson, Richter, Sanford, Toman

Senators Burckhard, Thomas

1 A BILL for an Act to create and enact a new section to chapter 54-27 and a new section to  
2 chapter 57-15 of the North Dakota Century Code, relating to a legacy earnings fund and  
3 limitations on property tax levies by taxing districts except school districts without voter  
4 approval; to amend and reenact sections 6-09.4-10.1, 15.1-27-04.1, and 15.1-27-04.2,  
5 subsection 1 of section 21-10-06, sections 54-27-19.3 and 57-15-01.1, subsection 1 of section  
6 57-15-14, section 57-15-14.2, and subdivision c of subsection 1 of section 57-20-07.1 of the  
7 North Dakota Century Code, relating to the legacy sinking and interest fund, the state school aid  
8 funding formula, funds invested by the state investment board, the legacy earnings highway  
9 distribution fund, and school district levy authority; to repeal sections 15.1-27-04.3,  
10 15.1-27-15.1, 15.1-27-20.2, 21-10-12, and 21-10-13 of the North Dakota Century Code, relating  
11 to adjustments to state aid payments, legacy fund definitions, and a legacy earnings fund; and  
12 to provide an effective date.

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

14 **SECTION 1. AMENDMENT.** Section 6-09.4-10.1 of the North Dakota Century Code is  
15 amended and reenacted as follows:

16 **6-09.4-10.1. Legacy sinking and interest fund - Debt service requirements - Public**  
17 **finance authority.**

18 There is created in the state treasury the legacy sinking and interest fund. The fund consists  
19 of all moneys deposited in the fund under section ~~21-10-136~~ of this Act. Moneys in the fund may  
20 be spent by the public finance authority pursuant to legislative appropriations to meet the debt  
21 service requirements for evidences of indebtedness issued by the authority for transfer to the  
22 Bank of North Dakota for allocations to infrastructure projects and programs.

1       **SECTION 2. AMENDMENT.** Section 15.1-27-04.1 of the North Dakota Century Code is  
2 amended and reenacted as follows:

3       **15.1-27-04.1. Baseline funding – Establishment – Determination of state aid. (Effective**  
4 **through June 30, 2025) (Retroactive application – [See note](#))**

- 5       1. ~~To determine the amount of state aid payable to each district, the superintendent of~~  
6 ~~public instruction shall establish each district's baseline funding. A district's baseline~~  
7 ~~funding consists of:~~
- 8       a. ~~All state aid received by the district in accordance with chapter 15.1-27 during the~~  
9 ~~2018-19 school year;~~
  - 10       b. ~~An amount equal to the property tax deducted by the superintendent of public~~  
11 ~~instruction to determine the 2018-19 state aid payment;~~
  - 12       c. ~~An amount equal to seventy-five percent of the revenue received by the school~~  
13 ~~district during the 2017-18 school year for the following revenue types:~~
    - 14       (1) ~~Revenue reported under code 2000 of the North Dakota school district~~  
15 ~~financial accounting and reporting manual, as developed by the~~  
16 ~~superintendent of public instruction in accordance with section 15.1-02-08;~~
    - 17       (2) ~~Mineral revenue received by the school district through direct allocation from~~  
18 ~~the state treasurer and not reported under code 2000 of the North Dakota~~  
19 ~~school district financial accounting and reporting manual, as developed by~~  
20 ~~the superintendent of public instruction in accordance with section~~  
21 ~~15.1-02-08;~~
    - 22       (3) ~~Tuition reported under code 1300 of the North Dakota school district~~  
23 ~~financial accounting and reporting manual, as developed by the~~  
24 ~~superintendent of public instruction in accordance with section 15.1-02-08,~~  
25 ~~with the exception of revenue received specifically for the operation of an~~  
26 ~~educational program provided at a residential treatment facility, tuition~~  
27 ~~received for the provision of an adult farm management program, and~~  
28 ~~beginning in the 2021-22 school year, seventeen percent of tuition received~~  
29 ~~under an agreement to educate students from a school district on an~~  
30 ~~air force base with funding received through federal impact aid, and an~~  
31 ~~additional seventeen percent of tuition received under an agreement to~~

- 1 educate students from a school district on an air force base with funding  
2 received through federal impact aid each school year thereafter, until the  
3 2024-25 school year when sixty-eight percent of tuition received under an  
4 agreement to educate students from a school district on an air force base  
5 with funding received through federal impact aid must be excluded from the  
6 tuition calculation under this paragraph;
- 7 (4) Revenue from payments in lieu of taxes on the distribution and transmission  
8 of electric power;
- 9 (5) Revenue from payments in lieu of taxes on electricity generated from  
10 sources other than coal; and
- 11 (6) Revenue from the leasing of land acquired by the United States for which  
12 compensation is allocated to the state under 33 U.S.C. 701(c)(3);
- 13 d. An amount equal to the total revenue received by the school district during the  
14 2017-18 school year for the following revenue types:
- 15 (1) Mobile home tax revenue;
- 16 (2) Telecommunications tax revenue; and
- 17 (3) Revenue from payments in lieu of taxes and state reimbursement of the  
18 homestead credit and disabled veterans credit; and
- 19 e. Beginning with the 2020-21 school year, the superintendent shall reduce the  
20 baseline funding for any school district that becomes an elementary district  
21 pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must  
22 be proportional to the number of weighted student units in the grades that are  
23 offered through another school district relative to the total number of weighted  
24 student units the school district offered in the year before the school district  
25 became an elementary district. The reduced baseline funding applies to the  
26 calculation of state aid for the first school year in which the school district  
27 becomes an elementary district and for each year thereafter. For districts that  
28 become an elementary district prior to the 2020-21 school year, the  
29 superintendent shall use the reduced baseline funding to calculate state aid for  
30 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          e.   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. For the 2023-24 school year the  
19                  superintendent shall reduce the district's baseline funding per weighted student  
20                  unit by forty percent of the amount by which the district's baseline funding per  
21                  weighted student unit exceeds the payment per weighted student unit for the  
22                  2023-24 school year. For each year thereafter, the reduction percentage is  
23                  increased by an additional fifteen percent. However, the district's baseline funding  
24                  per weighted student unit, after the reduction, may not be less than the payment  
25                  per weighted student unit provided in subsection 3.
- 26          3.   a.   For the 2023-24 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 six hundred  
29                  forty-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                    six hundred forty-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 forty percent and  
7                    then the difference added to the amount determined in paragraph 1.
- 8                    b. For the 2024-25 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 eleven thousand  
11                    seventy-two 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 eleven thousand  
17                    seventy-two 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 fifty-five percent for  
20                    the 2024-25 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                    4. After determining the product in accordance with subsection 3, the superintendent of  
24                    public instruction shall:
- 25                    a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the  
26                    school district, except the amount in dollars subtracted for purposes of this  
27                    subdivision may not exceed the previous year's amount in dollars subtracted for  
28                    purposes of this subdivision by more than twelve percent, adjusted pursuant to  
29                    section 15.1-27-04.3; and
- 30                    b. Subtract an amount equal to seventy-five percent of all revenue types listed in  
31                    subdivisions c and d of subsection 1. Before determining the deduction for

1            ~~seventy-five percent of all revenue types, the superintendent of public instruction-~~  
2            ~~shall adjust revenues as follows:~~

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

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

17           ~~(b) The superintendent of public instruction also shall reduce the total-~~  
18           ~~tuition reported by admitting school districts meeting the requirements-~~  
19           ~~of subdivision e of subsection 2 of section 15.1-29-12 by the amount-~~  
20           ~~of tuition revenue received for the education of students residing in an-~~  
21           ~~adjacent school district.~~

22           ~~(2) After adjusting tuition revenue as provided in paragraph 1, the-~~  
23           ~~superintendent shall reduce all remaining revenues from all revenue types-~~  
24           ~~by the percentage of mills levied in 2022 by the school district for sinking-~~  
25           ~~and interest relative to the total mills levied in 2022 by the school district for-~~  
26           ~~all purposes.~~

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

- 1           6. ~~On or before June thirtieth of each year, the school board shall certify to the~~  
2           ~~superintendent of public instruction the final average daily membership for the current~~  
3           ~~school year.~~
- 4           7. ~~For purposes of the calculation in subsection 4, each county auditor, in collaboration~~  
5           ~~with the school districts, shall report the following to the superintendent of public~~  
6           ~~instruction on an annual basis:~~
- 7           a. ~~The amount of revenue received by each school district in the county during the~~  
8           ~~previous school year for each type of revenue identified in subdivisions c and d of~~  
9           ~~subsection 1;~~
- 10          b. ~~The total number of mills levied in the previous calendar year by each school~~  
11          ~~district for all purposes; and~~
- 12          c. ~~The number of mills levied in the previous calendar year by each school district~~  
13          ~~for sinking and interest fund purposes.~~

14           **Baseline funding - Establishment - Determination of state aid. (Effective after**  
15 **June 30, 2025)**

- 16          1. To determine the amount of state aid payable to each district, the superintendent of  
17          public instruction shall establish each district's baseline funding. A district's baseline  
18          funding consists of:
- 19          a. All state aid received by the district in accordance with chapter 15.1-27 during the  
20          2018-19 school year;
- 21          b. An amount equal to the property tax deducted by the superintendent of public  
22          instruction to determine the 2018-19 state aid payment;
- 23          c. An amount equal to seventy-five percent of the revenue received by the school  
24          district during the 2017-18 school year for the following revenue types:
- 25               (1) Revenue reported under code 2000 of the North Dakota school district  
26               financial accounting and reporting manual, as developed by the  
27               superintendent of public instruction in accordance with section 15.1-02-08;
- 28               (2) Mineral revenue received by the school district through direct allocation from  
29               the state treasurer and not reported under code 2000 of the North Dakota  
30               school district financial accounting and reporting manual, as developed by

- 1 the superintendent of public instruction in accordance with section  
2 15.1-02-08;
- 3 (3) Tuition reported under code 1300 of the North Dakota school district  
4 financial accounting and reporting manual, as developed by the  
5 superintendent of public instruction in accordance with section 15.1-02-08,  
6 with the exception of revenue received specifically for the operation of an  
7 educational program provided at a residential treatment facility, tuition  
8 received for the provision of an adult farm management program, and  
9 beginning in the 2025-26 school year, eighty-five percent of tuition received  
10 under an agreement to educate students from a school district on an  
11 air force base with funding received through federal impact aid, until the  
12 2026-27 school year, and each school year thereafter, when all tuition  
13 received under an agreement to educate students from a school district on  
14 an air force base with funding received through federal impact aid must be  
15 excluded from the tuition calculation under this paragraph;
- 16 (4) Revenue from payments in lieu of taxes on the distribution and transmission  
17 of electric power;
- 18 (5) Revenue from payments in lieu of taxes on electricity generated from  
19 sources other than coal; and
- 20 (6) Revenue from the leasing of land acquired by the United States for which  
21 compensation is allocated to the state under 33 U.S.C. 701(c)(3); and
- 22 d. An amount equal to the total revenue received by the school district during the  
23 2017-18 school year for the following revenue types:
- 24 (1) Mobile home tax revenue;
- 25 (2) Telecommunications tax revenue; and
- 26 (3) Revenue from payments in lieu of taxes and state reimbursement of the  
27 homestead credit and disabled veterans credit.
- 28 e. Beginning with the 2020-21 school year, the superintendent shall reduce the  
29 baseline funding for any school district that becomes an elementary district  
30 pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must  
31 be proportional to the number of weighted student units in the grades that are



1 offered through another school district relative to the total number of weighted  
2 student units the school district offered in the year before the school district  
3 became an elementary district. The reduced baseline funding applies to the  
4 calculation of state aid for the first school year in which the school district  
5 becomes an elementary district and for each year thereafter. For districts that  
6 become an elementary district prior to the 2020-21 school year, the  
7 superintendent shall use the reduced baseline funding to calculate state aid for  
8 the 2020-21 school year and for each year thereafter.

- 9 2. a. The superintendent shall divide the district's baseline funding determined in  
10 subsection 1 by the district's 2017-18 weighted student units to determine the  
11 district's baseline funding per weighted student unit.
- 12 b. For any school district that becomes an elementary district pursuant to section  
13 15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the  
14 district's baseline funding per weighted student unit used to calculate state aid.  
15 The superintendent shall divide the district's baseline funding determined in  
16 subsection 1 by the district's weighted student units after the school district  
17 becomes an elementary district to determine the district's adjusted baseline  
18 funding per weighted student unit. The superintendent shall use the district's  
19 adjusted baseline funding per weighted student unit in the calculation of state aid  
20 for the first school year in which the school district becomes an elementary  
21 district and for each year thereafter.
- 22 c. Beginning with the 2021-22 school year and for each school year thereafter, the  
23 superintendent shall reduce the district's baseline funding per weighted student  
24 unit. Each year the superintendent shall calculate the amount by which the  
25 district's baseline funding per weighted student unit exceeds the payment per  
26 weighted student unit provided in subsection 3. For the 2023-24 school year the  
27 superintendent shall reduce the district's baseline funding per weighted student  
28 unit by forty percent of the amount by which the district's baseline funding per  
29 weighted student unit exceeds the payment per weighted student unit for the  
30 2023-24 school year. For each year thereafter, the reduction percentage is  
31 increased by an additional fifteen percent. However, the district's baseline funding

1 per weighted student unit, after the reduction, may not be less than the payment  
2 per weighted student unit provided in subsection 3.

3 3. a. For the 2023-24 school year, the superintendent shall calculate state aid as the  
4 greater of:

5 (1) The district's weighted student units multiplied by ten thousand six hundred  
6 forty-six dollars;

7 (2) One hundred two percent of the district's baseline funding per weighted  
8 student unit, as established in subsection 2, multiplied by the district's  
9 weighted student units, not to exceed the district's 2017-18 baseline  
10 weighted student units, plus any weighted student units in excess of the  
11 2017-18 baseline weighted student units multiplied by ten thousand  
12 six hundred forty-six dollars; or

13 (3) The district's baseline funding as established in subsection 1 less the  
14 amount in paragraph 1, with the difference reduced by forty percent and  
15 then the difference added to the amount determined in paragraph 1.

16 b. For the 2024-25 school year and each school year thereafter, the superintendent  
17 shall calculate state aid as the greater of:

18 (1) The district's weighted student units multiplied by eleven thousand  
19 seventy-two dollars;

20 (2) One hundred two percent of the district's baseline funding per weighted  
21 student unit, as established in subsection 2, multiplied by the district's  
22 weighted student units, not to exceed the district's 2017-18 baseline  
23 weighted student units, plus any weighted student units in excess of the  
24 2017-18 baseline weighted student units multiplied by eleven thousand  
25 seventy-two dollars; or

26 (3) The district's baseline funding as established in subsection 1 less the  
27 amount in paragraph 1, with the difference reduced by fifty-five percent for  
28 the 2024-25 school year and the reduction percentage increasing by fifteen  
29 percent each school year thereafter until the difference is reduced to zero,  
30 and then the difference added to the amount determined in paragraph 1.

- 1           4. After determining the product in accordance with subsection 3, the superintendent of  
2           public instruction shall:
- 3           a. Subtract an amount equal to ~~sixty~~fifty mills multiplied by the taxable valuation of  
4           the school district; and
- 5           b. Subtract an amount equal to seventy-five percent of all revenue types listed in  
6           subdivisions c and d of subsection 1. Before determining the deduction for  
7           seventy-five percent of all revenue types, the superintendent of public instruction  
8           shall adjust revenues as follows:
- 9           (1) Tuition revenue shall be adjusted as follows:
- 10                 (a) In addition to deducting tuition revenue received specifically for the  
11                 operation of an educational program provided at a residential  
12                 treatment facility, tuition revenue received for the provision of an adult  
13                 farm management program, tuition received for the education of  
14                 high-cost and special education students, and tuition received under  
15                 an agreement to educate students from a school district on an  
16                 air force base with funding received through federal impact aid as  
17                 directed each school year in paragraph 3 of subdivision c of  
18                 subsection 1, the superintendent of public instruction also shall reduce  
19                 the total tuition reported by the school district by the amount of tuition  
20                 revenue received for the education of students not residing in the  
21                 state and for which the state has not entered a cross-border education  
22                 contract; and
- 23                 (b) The superintendent of public instruction also shall reduce the total  
24                 tuition reported by admitting school districts meeting the requirements  
25                 of subdivision e of subsection 2 of section 15.1-29-12 by the amount  
26                 of tuition revenue received for the education of students residing in an  
27                 adjacent school district.
- 28           (2) After adjusting tuition revenue as provided in paragraph 1, the  
29           superintendent shall reduce all remaining revenues from all revenue types  
30           by the percentage of mills levied in ~~2022~~2024 by the school district for

1 sinking and interest relative to the total mills levied in ~~2022~~2024 by the  
2 school district for all purposes.

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

6 6. On or before June thirtieth of each year, the school board shall certify to the  
7 superintendent of public instruction the final average daily membership for the current  
8 school year.

9 7. For purposes of the calculation in subsection 4, each county auditor, in collaboration  
10 with the school districts, shall report the following to the superintendent of public  
11 instruction on an annual basis:

12 a. The amount of revenue received by each school district in the county during the  
13 previous school year for each type of revenue identified in subdivisions c and d of  
14 subsection 1;

15 b. The total number of mills levied in the previous calendar year by each school  
16 district for all purposes; and

17 c. The number of mills levied in the previous calendar year by each school district  
18 for sinking and interest fund purposes.

19 **SECTION 3. AMENDMENT.** Section 15.1-27-04.2 of the North Dakota Century Code is  
20 amended and reenacted as follows:

21 **15.1-27-04.2. State aid - Minimum local effort - Determination.**

22 If a district's taxable valuation per student is less than twenty percent of the state average  
23 valuation per student, the superintendent of public instruction, for purposes of determining state  
24 aid in accordance with subsection 4 of section 15.1-27-04.1, shall ~~utilize~~use an amount equal to  
25 ~~sixty~~fifty mills times twenty percent of the state average valuation per student multiplied by the  
26 number of weighted student units in the district.

27 **SECTION 4. AMENDMENT.** Subsection 1 of section 21-10-06 of the North Dakota Century  
28 Code is amended and reenacted as follows:

29 1. Subject to the provisions of section 21-10-02, the board shall invest the following  
30 funds:

31 a. State bonding fund.

- 1           b. Teachers' fund for retirement.
- 2           c. State fire and tornado fund.
- 3           d. Workforce safety and insurance fund.
- 4           e. Public employees retirement system.
- 5           f. Insurance regulatory trust fund.
- 6           g. State risk management fund.
- 7           h. Budget stabilization fund.
- 8           i. Water projects stabilization fund.
- 9           j. Health care trust fund.
- 10          k. Cultural endowment fund.
- 11          l. Petroleum tank release compensation fund.
- 12          m. Legacy fund.
- 13          n. ~~Legacy earnings fund.~~
- 14          o. Opioid settlement fund.
- 15          p-o. A fund under contract with the board pursuant to subsection 3.

16           **SECTION 5. AMENDMENT.** Section 54-27-19.3 of the North Dakota Century Code is  
17 amended and reenacted as follows:

18           **54-27-19.3. Legacy earnings highway distribution fund.**

19           A legacy earnings highway distribution fund is created as a special fund in the state treasury  
20 into which must be deposited any allocations of legacy fund earnings made under section  
21 ~~24-10-136~~ of this Act. Any moneys in the legacy earnings highway distribution fund must be  
22 allocated and transferred by the state treasurer, as follows:

- 23          1. Sixty percent must be transferred to the department of transportation for deposit in the  
24 state highway fund;
- 25          2. Ten percent must be transferred to the legacy earnings township highway aid fund;
- 26          3. One and five-tenths percent must be transferred to the public transportation fund; and
- 27          4. Twenty-eight and five-tenths percent must be allocated to cities and counties using the  
28 formula established in subsection 4 of section 54-27-19. Moneys received by counties  
29 and cities must be used for roadway purposes in accordance with section 11 of  
30 article X of the Constitution of North Dakota.

1       **SECTION 6.** A new section to chapter 54-27 of the North Dakota Century Code is created  
2 and enacted as follows:

3       **Legacy earnings fund - State treasurer - Legacy fund distribution - Allocations.**

- 4       1. There is created in the state treasury the legacy earnings fund. The fund consists of all  
5 moneys distributed by the state treasurer from the legacy fund pursuant to section 26  
6 of article X of the Constitution of North Dakota. The distribution from the legacy fund  
7 on July first of each odd-numbered year must be equal to seven percent of the  
8 five-year average value of the legacy fund balance as reported by the state investment  
9 board. The average value of the legacy fund balance must be calculated using the  
10 fund balance at the end of each fiscal year for the five-year period ending with the  
11 most recently completed even-numbered fiscal year.
- 12       2. From the amount distributed to the legacy earnings fund under subsection 1, the state  
13 treasurer shall allocate funding in July of each odd-numbered year in the following  
14 order:
- 15       a. The first one hundred two million six hundred twenty-four thousand dollars or an  
16 amount equal to the amount appropriated from the legacy sinking and interest  
17 fund for debt service payments for a biennium, whichever is less, to the legacy  
18 sinking and interest fund under section 6-09.4-10.1.
- 19       b. The next two hundred twenty-five million dollars to the general fund to provide  
20 support for tax relief initiatives approved by the legislative assembly.
- 21       c. The next one hundred million dollars to the legacy earnings highway distribution  
22 fund for allocations under section 54-27-19.3.
- 23       d. The next one hundred twenty-one million dollars to the state tuition fund under  
24 section 15.1-28.03.
- 25       e. The remaining amount as follows:
- 26             (1) Fifty percent to the general fund.
- 27             (2) The remainder to the strategic investment and improvements fund to be  
28 used in accordance with section 15-08.1-08.

29       **SECTION 7. AMENDMENT.** Section 57-15-01.1 of the North Dakota Century Code is  
30 amended and reenacted as follows:

1           **57-15-01.1. Protection of taxpayers and taxing districts.**

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

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

6           2. For purposes of this section:

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

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

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

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

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

24          3. A taxing district may elect to levy the amount levied in dollars in the base year. Any  
25 levy under this section must be specifically approved by a resolution approved by the  
26 governing body of the taxing district. Before determining the levy limitation under this  
27 section, the dollar amount levied in the base year must be:

28          a. Reduced by an amount equal to the sum determined by application of the base  
29 year's calculated mill rate for that taxing district to the final base year taxable  
30 valuation of any taxable property and property exempt by local discretion or

- 1 charitable status which is not included in the taxing district for the budget year but  
2 was included in the taxing district for the base year.
- 3 b. Increased by an amount equal to the sum determined by the application of the  
4 base year's calculated mill rate for that taxing district to the final budget year  
5 taxable valuation of any taxable property or property exempt by local discretion or  
6 charitable status which was not included in the taxing district for the base year  
7 but which is included in the taxing district for the budget year.
- 8 c. Reduced to reflect expired temporary mill levy increases authorized by the  
9 electors of the taxing district. ~~For purposes of this subdivision, an expired~~  
10 ~~temporary mill levy increase does not include a school district general fund mill~~  
11 ~~rate exceeding one hundred ten mills which has expired or has not received~~  
12 ~~approval of electors for an extension under subsection 2 of section 57-64-03.~~
- 13 d. ~~Reduced by the amount of state aid under chapter 15.1-27, which is determined~~  
14 ~~by multiplying the budget year taxable valuation of the school district by the~~  
15 ~~lesser of the base year mill rate of the school district minus sixty mills or fifty~~  
16 ~~mills, if the base year is a taxable year before 2013.~~
- 17 4. In addition to any other levy limitation factor under this section, a taxing district may  
18 increase its levy in dollars to reflect new or increased mill levies authorized by the  
19 legislative assembly or authorized by the electors of the taxing district.
- 20 5. Under this section a taxing district may supersede any applicable mill levy limitations  
21 otherwise provided by law, or a taxing district may levy up to the mill levy limitations  
22 otherwise provided by law without reference to this section, but the provisions of this  
23 section do not apply to the following:
- 24 a. Any irrevocable tax to pay bonded indebtedness levied pursuant to section 16 of  
25 article X of the Constitution of North Dakota.
- 26 b. The one-mill levy for the state medical center authorized by section 10 of article X  
27 of the Constitution of North Dakota.
- 28 6. ~~A school district choosing to determine its levy authority under this section may apply~~  
29 ~~subsection 3 only to the amount in dollars levied for general fund purposes under~~  
30 ~~section 57-15-14 or, if the levy in the base year included separate general fund and~~  
31 ~~special fund levies under sections 57-15-14 and 57-15-14.2, the school district may~~



1           ~~apply subsection 3 to the total amount levied in dollars in the base year for both the~~  
2           ~~general fund and special fund accounts. School district levies under any section other~~  
3           ~~than section 57-15-14 may be made within applicable limitations but those levies are~~  
4           ~~not subject to subsection 3.~~

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

8           **SECTION 8. AMENDMENT.** Subsection 1 of section 57-15-14 of the North Dakota Century  
9           Code is amended and reenacted as follows:

- 10          1. Unless authorized by the electors of the school district in accordance with this section,  
11          a school district may not impose greater levies than those permitted under section  
12          57-15-14.2.
- 13          a. In any school district having a total population in excess of four thousand  
14          according to the last federal decennial census there may be levied any specific  
15          number of mills that upon resolution of the school board has been submitted to  
16          and approved by a majority of the qualified electors voting upon the question at  
17          any regular or special school district election.
- 18          b. In any school district having a total population of fewer than four thousand, there  
19          may be levied any specific number of mills that upon resolution of the school  
20          board has been approved by fifty-five percent of the qualified electors voting  
21          upon the question at any regular or special school election.
- 22          c. After June 30, 2009, in any school district election for approval by electors of  
23          increased levy authority under subsection 1 or 2, the ballot must specify the  
24          number of mills proposed for approval, and the number of taxable years for which  
25          that approval is to apply. After June 30, 2009, approval by electors of increased  
26          levy authority under subsection 1 or 2 may not be effective for more than ten  
27          taxable years.
- 28          d. The authority for a levy of up to a specific number of mills under this section  
29          approved by electors of a school district before July 1, 2009, is terminated  
30          effective for taxable years after 2015. If the electors of a school district subject to  
31          this subsection have not approved a levy for taxable years after 2015 of up to a

1 specific number of mills under this section by December 31, 2015, the school  
2 district levy limitation for subsequent years is subject to the limitations under  
3 ~~section 57-15-01.1~~ or this section.

4 e. For taxable years beginning after 2012:

5 (1) The authority for a levy of up to a specific number of mills, approved by  
6 electors of a school district for any period of time that includes a taxable  
7 year before 2009, must be reduced by one hundred fifteen mills as a  
8 precondition of receiving state aid in accordance with chapter 15.1-27.

9 (2) The authority for a levy of up to a specific number of mills, approved by  
10 electors of a school district for any period of time that does not include a  
11 taxable year before 2009, must be reduced by forty mills as a precondition  
12 of receiving state aid in accordance with chapter 15.1-27.

13 (3) The authority for a levy of up to a specific number of mills, placed on the  
14 ballot in a school district election for electoral approval of increased levy  
15 authority under subdivision a or b, after June 30, ~~2013~~2025, must be stated  
16 as a specific number of mills of general fund levy authority and must include  
17 a statement that the statutory school district general fund levy limitation is  
18 ~~seventy~~sixty mills on the dollar of the taxable valuation of the school district.

19 f. The authority for an unlimited levy approved by electors of a school district before  
20 July 1, 2009, is terminated effective for taxable years after 2015. If the electors of  
21 a school district subject to this subsection have not approved a levy of up to a  
22 specific number of mills under this section by December 31, 2015, the school  
23 district levy limitation for subsequent years is subject to the limitations under  
24 ~~section 57-15-01.1~~ or this section.

25 **SECTION 9. AMENDMENT.** Section 57-15-14.2 of the North Dakota Century Code is  
26 amended and reenacted as follows:

27 **57-15-14.2. School district levies.**

28 1. The board of a school district may levy a tax not exceeding the amount in dollars that  
29 ~~the school district levied for the prior year, plus twelve percent, up to~~ would be  
30 generated by a levy of ~~seventy~~fifty mills on the taxable valuation of the district, for any  
31 purpose related to the provision of educational services ~~the school district's local~~

- 1           contribution to the costs of education. The proceeds of this levy must be deposited into  
2           the school district's general fund and may be used in accordance with this  
3           ~~subsection~~for any purposes related to the provision of educational services. The  
4           proceeds may not be transferred into any other fund.
- 5           2. The board of a school district may levy no more than ten mills on the taxable valuation  
6           of the district, for any purpose related to the provision of educational services. The  
7           proceeds of this levy must be deposited into the school district's general fund and  
8           used in accordance with this subsection. The proceeds may not be transferred into  
9           any other fund.
- 10          3. The board of a school district may levy no more than twelve mills on the taxable  
11          valuation of the district, for miscellaneous purposes and expenses. The proceeds of  
12          this levy must be deposited into a special fund known as the miscellaneous fund and  
13          used in accordance with this subsection. The proceeds may not be transferred into  
14          any other fund.
- 15          3.4. The board of a school district may levy no more than three mills on the taxable  
16          valuation of the district for deposit into a special reserve fund, in accordance with  
17          chapter 57-19.
- 18          4.5. The board of a school district may levy no more than the number of mills necessary,  
19          on the taxable valuation of the district, for the payment of tuition, in accordance with  
20          section 15.1-29-15. The proceeds of this levy must be deposited into a special fund  
21          known as the tuition fund and used in accordance with this subsection. The proceeds  
22          may not be transferred into any other fund.
- 23          5.6. The board of a school district may levy no more than five mills on the taxable valuation  
24          of the district, pursuant to section 57-15-15.1, for purposes of developing a school  
25          safety plan in accordance with section 15.1-09-60. The proceeds of this levy must be  
26          deposited into a special fund known as the school safety plan fund and used in  
27          accordance with this subsection.
- 28          6.7. Nothing in this section limits the board of a school district from levying:  
29          a.    Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and

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

4           **SECTION 10.** A new section to chapter 57-15 of the North Dakota Century Code is created  
5 and enacted as follows:

6           **Limitation on levies by taxing districts without voter approval.**

7           1. a. Notwithstanding that a taxing district may have unused or excess levy authority  
8           under any other provision of law, this section supersedes and limits that authority.  
9           This section may not be interpreted as authority to increase any property tax levy  
10           authority otherwise provided by law and must be applied to limit any property tax  
11           levy authority to which a taxing district may otherwise be entitled. Property taxes  
12           levied in dollars by a taxing district may not exceed the amount the taxing district  
13           levied in dollars in the preceding taxable year by more than three percent,  
14           except:

15           (1) When property and improvements to property which were not taxable in the  
16           preceding taxable year are taxable in the current year, the amount levied in  
17           dollars in the preceding taxable year by the taxing district must be increased  
18           for purposes of this section to reflect the taxes that would have been  
19           imposed against the additional taxable valuation attributable to that property  
20           at the mill rate applied to all property in the preceding taxable year.

21           (2) When a property tax exemption existed in the preceding taxable year which  
22           has been reduced or no longer exists for the current taxable year, the  
23           amount levied in dollars in the preceding taxable year by the taxing district  
24           must be increased for purposes of this section to reflect the taxes that would  
25           have been imposed against the portion of the taxable valuation of the  
26           property which is no longer exempt at the mill rate applied to all property in  
27           the preceding taxable year.

28           (3) When property that was taxable in the preceding taxable year is not taxable  
29           for the current taxable year, the amount levied in dollars in the preceding  
30           taxable year by the taxing district must be reduced for purposes of this

1 section by the amount of taxes that were imposed against the taxable  
2 valuation of that property in the preceding taxable year.

3 (4) When a temporary mill levy increase, excluding an increase under this  
4 section, authorized by the electors of the taxing district or mill levy  
5 imposition authority under state law existed in the previous taxable year but  
6 is no longer applicable or has been reduced, the amount levied in dollars in  
7 the previous taxable year by the taxing district must be adjusted to reflect  
8 the expired temporary mill levy increase and the eliminated or reduced mill  
9 levy under state law before the percentage increase allowable under this  
10 subsection is applied.

11 b. If the actual percentage increase in property taxes levied in dollars by a taxing  
12 district compared to the property taxes levied in the preceding taxable year is  
13 less than the percentage increase limitation under subdivision a, the taxing  
14 district may carry forward the excess percentage increase to the succeeding  
15 taxable year. A taxing district may not carry forward any amount of unused  
16 excess percentage increase beyond the taxable year succeeding the taxable  
17 year during which the excess percentage increase accumulated.

18 2. The limitation on the total amount levied by a taxing district under subsection 1 does  
19 not apply to:

20 a. New or increased property tax levy authority that was not available to the taxing  
21 district in the preceding taxable year, including property tax levy authority  
22 provided by state law or approved by the electors of the taxing district.

23 b. Any irrepealable tax to pay bonded indebtedness levied under section 16 of  
24 article X of the Constitution of North Dakota. Any tax levied for this purpose must  
25 be excluded from the mill rate applied under paragraphs 1 through 3 of  
26 subdivision a of subsection 1.

27 c. The one-mill levy for the state medical center authorized by section 10 of article X  
28 of the Constitution of North Dakota. Any tax levied for this purpose must be  
29 excluded from the mill rate applied under paragraphs 1 through 3 of subdivision a  
30 of subsection 1.

- 1           d. The levy, not to exceed one mill, for the Garrison Diversion Conservancy District,  
2           authorized by section 57-15-26.8.
- 3           e. Taxes or special assessments levied to pay the principal and interest on any  
4           obligations of any political subdivision, including taxes levied for deficiencies in  
5           special assessment and improvement district funds and revenue bond and  
6           reserve funds.
- 7           f. Taxes levied pursuant to law for the proportion of the cost to any taxing district for  
8           a special improvement project by general taxation.
- 9           g. Taxes levied under sections 40-24-10, 40-43-01, and 57-15-41, and chapter  
10          61-16.1.
- 11         3. A levy exceeding the percentage increase limitation under subsection 1 may be  
12          imposed upon approval of a ballot measure, stating the percentage of the proposed  
13          property tax levy increase percentage compared to the percentage limitation under  
14          subsection 1, by at least sixty percent of the qualified electors of the taxing district  
15          voting on the question at a statewide primary or general election. A levy exceeding the  
16          percentage increase limitation under subsection 1 may be approved by electors for not  
17          more than five taxable years at a time.
- 18         4. A city or county may not supersede or modify the application of the provisions of this  
19          section under home rule authority.
- 20         5. For purposes of this section:
- 21           a. "Excess percentage increase" means the difference between the percentage  
22           increase limitation under subdivision a of subsection 1 for a taxable year and the  
23           actual percentage increase in property taxes levied in dollars by a taxing district  
24           in the taxable year compared to the preceding taxable year.
- 25           b. "Taxing district" means any political subdivision, other than a school district,  
26           empowered to levy taxes.

27         **SECTION 11. AMENDMENT.** Subdivision c of subsection 1 of section 57-20-07.1 of the  
28         North Dakota Century Code is amended and reenacted as follows:

- 29           c. Provide information identifying the property tax savings provided by the state of  
30           North Dakota. The tax statement must include a line item that is entitled  
31           "legislative tax relief" and identifies the dollar amount of property tax savings

1 realized by the taxpayer under chapter 50-34 for taxable years before 2019,  
2 chapter 50-35 for taxable years after 2018, and chapter 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 one~~  
9 ~~hundred thirty-five mills or the sum of:~~

10 (a) ~~Fifty~~The number of mills of mill levy reduction grant under chapter  
11 57-64 for the 2012 taxable year; or~~and~~

12 (b) The 2012 taxable year mill rate of the school district ~~minus, excluding~~  
13 ~~sixty~~fifty mills.

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

19 **SECTION 12. REPEAL.** Sections 15.1-27-04.3, 15.1-27-15.1, 15.1-27-20.2, 21-10-12, and  
20 21-10-13 of the North Dakota Century Code are repealed.

21 **SECTION 13. EFFECTIVE DATE.** Sections 7, 8, 9, and 10 of this Act are effective for  
22 taxable years beginning after December 31, 2024.