CHAPTER 15.1-12
ANNEXATION, REORGANIZATION, AND DISSOLUTION

15.1-12-01. Definitions.

In this chapter, unless the context otherwise requires:

1. "Annexation" means the alteration of a school district's boundaries through the removal of real property from one school district and its attachment to another contiguous school district.
2. "Contiguous" means two or more tracts of real property which share a common point or which would share a common point but for an intervening road or right of way.
3. "Dissolution" means the process through which a school district ceases to function and the subsequent attachment of its real property to other school districts.
4. "Reorganization" means the formation of a new school district through the combination, in whole or in part, of two or more school districts.
5. "State board" means the state board of public school education.

15.1-12-02. Annexation of property to school district - Exchange - Petition - Requirements.

An individual may petition to have property in one school district annexed to another school district by an exchange of property with property in a contiguous school district. In order to be approved:

1. The petitioner must reside within the boundary of the property to be exchanged;
2. The petitioner must obtain the written approval of one qualified elector from each residence within the boundary of the property referenced in subsection 1;
3. The petitioner must obtain written authorization for the exchange of property from the owner of the property to be exchanged in the adjacent district, provided that the owner need not reside on the property to be exchanged;
4. The difference in the taxable valuation of the property involved in the exchange must be agreed upon by both affected school districts;
5. Each property involved in the exchange is contiguous with the school district to which it is being annexed; and
6. Except as otherwise provided in this section, the annexation by an exchange of property under this section is subject to, and meets, all other statutory requirements regarding annexations.

15.1-12-03. Annexation of property to school district - Eligibility.

Real property may be annexed to a school district provided:

1. The property to be annexed constitutes a single area that is contiguous to the school district;
2. The property to be annexed does not constitute an entire school district;
3. The annexation petition is signed by two-thirds of the qualified electors residing on the property to be annexed;
4. The annexation petition is filed with the county superintendent of schools whose jurisdiction includes the administrative headquarters of the district;
5. A public hearing is held by the county committee or the county committees, as required in section 15.1-12-05; and
6. The annexation petition is approved by the state board.

15.1-12-04. Annexation of property to school district - Petition requirements.

1. A petition to request the annexation of property must:
   a. Be obtained from the county superintendent of schools;
   b. Identify all property to be annexed, before circulation;
   c. Identify one child whose place of residence is on the property to be annexed and whose parent has stated an intention to send the child to a public school in the

district receiving the property during the school year following the effective date of the annexation;
   d. Be signed in the presence of the petition carrier; and
   e. Be submitted to the county superintendent whose jurisdiction includes the administrative headquarters of the district.
2. Any person who wishes to add or remove that person's name from the annexation petition may do so until five p.m. on the last business day before the public hearing by the county committee; provided the person appears before the county superintendent to request the action.
3. This section does not apply to annexations involving an exchange of property.

15.1-12-05. Annexation of property to school district - Hearing.

1. Upon receiving a petition for the annexation of property to a school district, the county superintendent shall schedule and give notice of a public hearing regarding the annexation.
2. At least twenty-one days before the date of the public hearing, the county superintendent shall provide notice by certified mail with return receipt regarding the annexation to each owner of real property to be annexed and publish notice of the public hearing in the official newspaper of the county in which the major portion of each affected school district's real property is situated. If no newspaper is published in the county, the county superintendent shall publish the notice in a newspaper in an adjoining county in this state.
3. Before the hearing, the county committee shall:
   a. Determine the number of qualified electors residing on the property to be annexed;
   b. Ensure that two-thirds of such qualified electors have signed the petition; and
   c. Ensure that all other statutory requirements regarding the petition have been met.
4. At the hearing, the county committee shall accept testimony and documentary evidence regarding:
   a. The value and amount of property held by each affected school district;
   b. The amount of all outstanding bonded and other indebtedness of each affected district;
   c. The levies for bonded indebtedness to which the property will be subjected or from which the property will be exempted, as provided for in section 15.1-12-08;
   d. The taxable valuation of each affected district and the taxable valuation under the proposed annexation;
   e. The size, geographical features, and boundaries of each affected district;
   f. The number of students enrolled in each affected district;
   g. Each school in the district, including its name, location, condition, the grade levels it offers, and the distance that students living in the petitioned area would have to travel to attend school;
   h. The location and condition of roads, highways, and natural barriers in each affected district;
   i. Conditions affecting the welfare of students residing on the property to be annexed;
   j. The boundaries of other governmental entities;
   k. The educational needs of communities in each affected district;
   l. Potential savings in school district transportation and administrative services;
   m. The potential for a reduction in per student valuation disparity between the affected districts;
   n. The potential to equalize or increase the educational opportunities for students in each affected district;
   o. The potential modification to the property tax obligation of the owners of the property to be annexed and the concerns of the owners of the property to be annexed; and
   p. All other relevant factors.

5. Following consideration of the testimony and documentary evidence presented at the hearing, the committee shall make specific findings of fact and approve or deny the annexation. If the annexation is approved, the county superintendent shall forward all minutes, records, documentary evidence, and other information regarding the proceeding and the county committee's decision to the state board for final approval of the annexation.
6. a. Except as provided in this subsection, the state board shall conduct a hearing after publication of a notice in the manner required in subsection 2, accept and consider testimony and documentary evidence regarding the proposed annexation, make specific findings, and approve or deny the annexation.
   b. If no opposition is presented to the county committee at the hearing and the county committee approves the annexation, the state board may review the record of the county committee and give final approval to the annexation without holding its own hearing.
7. If the school districts involved in a proposed annexation include property in more than one county, but the major portion of each district's property is in the same county, the county committee of that county shall consider the annexation petition.
8. If the school districts involved in a proposed annexation are situated in more than one county and the major portion of each district's property is not in the same county, the county committees of those counties encompassing the major portion of each school district shall jointly consider the annexation petition. The county committees shall vote separately on whether to approve the annexation.
9. If the state board denies the annexation, another petition involving any of the same property may not be submitted to the county committee for a period of three months after the state board's denial. A petition involving any of the same property cited in the original petition may not be considered by the state board more than twice in a twelve-month period.
10. Regardless of how many county committees consider the annexation, the decision may be appealed to the state board.
11. Each annexation must receive final approval from the state board.
12. The county superintendent with whom the petition has been filed shall forward all minutes, records, documentary evidence, and other information regarding the annexation, and the county committee's decision to the state board for final approval or for consideration of an appeal.
13. A decision of the state board with respect to an annexation petition may be appealed to the district court of the judicial district in which the property to be annexed is located.

15.1-12-06. Annexation of property to school district - Effective date.

Annexations under this chapter become effective on July first following final approval by the state board.

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

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

15.1-12-07.1. Voluntary transfer of property to school district - Hearing.

1. The boards of two school districts may initiate a voluntary transfer of property between the districts if each board:
   a. Votes to pursue the transfer;
   b. Votes to approve the proposed adjustment of the district boundaries; and
   c. Files with the county superintendent a document evidencing compliance with this subsection.
2. Upon receiving the requisite document from the board of each school district, the county superintendent shall:
   a. Forward a copy of the document to the county committee;
   b. Schedule a public hearing regarding the proposed transfer of property to be held within sixty days after the date of filing; and
   c. Give notice of the public hearing regarding the proposed transfer of property to the affected property owners by registered mail and publish notice of the public hearing in the official newspaper of the county in which the major portion of each affected school district's real property is situated, at least fourteen days before the date of the hearing.
3. At the public hearing, the county committee shall consider:
   a. The value and amount of property held by each school district affected by the proposed transfer of property;
   b. The amount of all outstanding bonded and indebtedness of each affected school district;
   c. The taxable valuation of each affected school district and the taxable valuation under the proposed transfer of property;
   d. The size and boundaries of each affected school district before and after the proposed transfer of property;
   e. The number of students enrolled in each affected school district before and after the proposed transfer of property; and
   f. Any other relevant factors.
4. Following the public hearing, the county committee shall approve or deny the property transfer. If the property transfer is approved, the county superintendent shall forward all minutes, records, documentary evidence, and other information regarding the proceeding and the county committee's decision to the state board for final approval of the property transfer. If the property transfer is denied, the boards jointly may appeal the decision to the state board.
5. The state board shall conduct a hearing, consider testimony and documentary evidence regarding the proposed property transfer, make specific findings, and approve or deny the property transfer. If no opposition is presented at the hearing held by the county committee and the committee approves the property transfer, the state board may review the record of the county committee and give final approval to the property transfer without holding a hearing.
6. If a proposed property transfer includes property in more than one county, the county committee of the county in which the major portion of property to be transferred is located has jurisdiction over the public hearing.
7. Any property transfer approved by the county committee and the state board becomes effective on July first following the approval.

15.1-12-08. Payment of school district levies after annexation or dissolution.

1. Property annexed or attached to the receiving school district is subject to all of the receiving school district's levies, except those to retire bonded debt existing before the effective date of the annexation or dissolution. The county committee and the state board in approving the annexation or dissolution, however, may require that the property be subject to the receiving school district's levies that are required to retire bonded debt existing before the effective date of the annexation or dissolution.
2. Property annexed to a receiving school district is not subject to any levies of the school district from which it was detached, except those to retire bonded debt existing before

the effective date of the annexation. The county committee and the state board in approving the annexation, however, may exempt the property from the levies of the school district from which the property was detached which are required to retire bonded debt existing before the effective date of the annexation.

15.1-12-09. School district reorganization - Initiation of a reorganization plan.

1. In order for two or more contiguous school districts or contiguous portions of two or more school districts to initiate a reorganization process, the board of each participating school district must:
   a. Vote to pursue the reorganization;
   b. Prepare a reorganization plan;
   c. Approve the reorganization plan; and
   d. Submit the plan to the county superintendent having jurisdiction over the major portion of property in each participating school district.
2. Submission of a reorganization plan to the county superintendent after July 31, 2001:
   a. Renders an annexation petition involving any real property that is included in the reorganization plan void, unless the annexation has already been approved by the state board; and
   b. Prohibits the acceptance of a new annexation petition involving any real property that is included in the reorganization plan, until all reorganization proceedings have been completed.

15.1-12-09.1. Reorganization plan - General fund mill levy.

A reorganization plan may provide that the general fund mill levy applicable to property in those participating districts having a general fund mill levy that is lower than the proposed general fund mill levy for the reorganized district may be raised incrementally, over a period not to exceed five years, to the level proposed for the reorganized district.

15.1-12-10. School district reorganization - Contents of plan - Public hearing - Testimony and evidence.

1. The reorganization plan required by section 15.1-12-09 must:
   a. Include a map showing the boundaries of each participating district and of the proposed new district;
   b. Include the number of students enrolled in each participating district during the current school year and during the ten preceding school years;
   c. Include projected student enrollments for the ensuing ten years;
   d. Include the location and condition of all school buildings and facilities in each participating district and intended uses for the buildings and facilities;
   e. Address planned construction, modification, or improvement of school buildings and facilities located within the boundaries of the new district;
   f. Address planned course offerings by the new district;
   g. Include the planned administrative structure of the new district and the number of full-time equivalent personnel to be employed by the new district;
   h. Include the planned number of members who will constitute the board of the new district and the manner in which the members are to be elected;
   i. Address plans regarding student transportation;
   j. Identify other governmental entities, including multidistrict special education units and area career and technology centers, which may provide services to the new district;
   k. Include the taxable valuation and per student valuation of each participating district and the taxable valuation and per student valuation of the new district;
   l. Include the amount of all bonded and other indebtedness incurred by each participating district;
   m. Include the current budget for each participating school district together with:
      (1) The district's estimated ending fund balance; and

(2) A list of the district's anticipated expenditures for goods and services, whether in a single transaction or in multiple transactions, if the total value of the goods or services exceeds three thousand dollars, provided the requirements of this paragraph do not extend to salaries, benefits, or other compensation paid or payable to school district personnel;

n. Address the planned disposition of all property, assets, debts, and liabilities of each participating district, taking into consideration section 15.1-12-18;

o. Include a proposed budget for the new district and a proposed general fund levy and any other levies, provided that tax levies submitted to and approved by the state board as part of a reorganization plan are not subject to mill levy limitations otherwise provided by law;

p. Include the official name of the new district, which must include the phrase "school district" or "public school district" and which may include no more than two additional words;

q. Include the number of the new district, as assigned by the superintendent of public instruction; and

r. Include any other information that the participating school districts wish to have considered by the county committee or the state board.

2. Upon receiving a reorganization plan, the county superintendent shall schedule and give notice of a public hearing regarding the plan. If the school districts involved in a reorganization plan include property in more than one county, but the major portion of each district's property is in the same county, the county committee of that county shall consider the reorganization plan. If the school districts involved in a reorganization plan are situated in more than one county and the major portion of each district's property is not in the same county, the county committees of those counties encompassing the major portion of each school district shall jointly consider the reorganization plan.
3. The county superintendent shall publish the notice in the official newspaper of the county at least fourteen days before the date of the hearing.
4. If no newspaper is published in the county, the county superintendent shall publish the notice in the official newspaper of an adjoining county in this state.
5. Before the hearing, the county committee shall review the reorganization plan and ensure that all statutory requirements have been met.
6. At the hearing, the county committee shall accept testimony and documentary evidence regarding the reorganization plan.
7. Following consideration of the testimony and documentary evidence presented at the hearing, the committee shall approve or deny the reorganization plan.
8. If the plan is approved by at least one county committee, the county superintendent shall forward all minutes, records, documentary evidence, and other information regarding the proceeding, and the county committee's decision, to the state board for final approval. The state board shall publish notice of its meeting at which it will consider the reorganization plan in the official newspaper of the county at least fourteen days before the date of the meeting. If no newspaper is published in the county, the state board shall publish the notice in the official newspaper of an adjoining county in this state.
9. To become effective, a reorganization plan must meet all statutory requirements and must receive approval by both the state board and a majority of electors residing within each school district.

15.1-12-10.1. State board of public school education - Approval of elementary districts prohibited.

The state board of public school education may not approve any reorganization plan that would result in the creation of an elementary district.

15.1-12-11. School district reorganization - Approved plan - Special election - Formation of new district.

1. If the state board approves a reorganization plan, the state board shall notify each county superintendent of schools having jurisdiction over real property in the proposed new district. A county superintendent receiving notice under this section shall call a special election in order that the electors residing within the boundaries of the proposed new district may approve or reject the reorganization plan. The election must be held between July first and December thirty-first of the year in which the plan is approved by the state board. If there are insufficient days left in the year to meet the notice requirements of this section, the election must be held the following year.
2. If the state board approves a reorganization plan, the state board shall notify job service North Dakota of the names of the school districts planning to reorganize, the election date proposed in the reorganization plan, the proposed effective date of the reorganization, and the proposed name of the new reorganized school district.
3. The county superintendent shall give notice of the election by publishing the time, date, and place of the election in the official newspaper of the county, at least fourteen days before the date of the election.
4. The election notice must:
   a. State that the election has been called for the purpose of approving or rejecting a plan to form a new school district;
   b. Describe the boundaries of the proposed new district; and
   c. Include a statement describing the adjustment of property, debts, and liabilities proposed in the plan, together with the proposed tax levy.
5. The county superintendent shall appoint judges and clerks of the election. The election must be conducted in the same manner and the polls must open and close at the same time as specified for school district elections.
6. The result of the elections must be certified by the participating school boards and delivered to the county superintendent within three days after the closing of the polls.
7. If a majority of electors residing within each school district vote to approve the reorganization plan, the county superintendent shall make the necessary adjustments of property, debts, and liabilities and perform all duties required by law in order to establish and organize the new school district. The county superintendent shall also notify job service North Dakota regarding the results of the election and, if the reorganization is approved, shall indicate the effective date of the reorganization and the name of the new reorganized school district.

15.1-12-11.1. Reorganization bonus - Eligibility - Distribution.

Repealed by S.L. 2005, ch. 167, § 37.

15.1-12-11.2. Reorganization bonus - Advanced payment.

Repealed by S.L. 2005, ch. 167, § 38.

15.1-12-12. School district reorganization - Vote on issuance of bonds.

1. If the reorganization plan proposes the issuance of bonds under chapter 21-03, the question of the bond issuance may be voted on at the same election as that for which approval of the reorganization plan is sought; provided:
   a. Each of the school boards involved in the reorganization adopts, by a majority vote, an identical initial resolution required by chapter 21-03; and
   b. All of the terms of chapter 21-03 are complied with, except that if there is a conflict with section 15.1-12-14 regarding how the election will proceed, the terms of section 15.1-12-14 prevail.
2. If the reorganization is not approved, the result of the vote on the bond issuance is void.

15.1-12-13. School district reorganization - Proposal rejection - Revision - New election.

1. If the electors reject the reorganization plan, the county committee, after a period of three months from the date of the special election, may hold a public hearing as provided for in section 15.1-12-10 to consider a revised reorganization plan proposed by the participating school districts. If the county committee approves a revised plan, the county superintendent shall submit the revised plan to the state board for approval.
2. If the state board approves the revised plan, it shall notify the county superintendent of schools. A county superintendent receiving notice under this section shall follow the procedures set forth in this chapter for calling a special election to approve or reject the revised plan. If a majority of the electors residing within each school district vote to approve the revised reorganization plan, the county superintendent shall make the necessary adjustments of property, debts, and liabilities and perform all duties required by law in order to establish and organize the new school district.

15.1-12-14. School district reorganization - School boards - Assumption of duties - Approval of expenditures - Contracts.

1. Upon approval of a reorganization plan by the electors, in accordance with section 15.1-12-11, a school board for the reorganized district must be elected at the next regular school district election or at a special election called by the county superintendent of schools for that purpose. The first school board election in a newly reorganized district is governed by chapter 15.1-09.
2. Members of newly formed school boards representing reorganized districts may not enter upon the duties of office until the time specified in section 15.1-12-18, except as provided in sections 15.1-12-15 and 15.1-12-16.
3. Unless otherwise directed by law or by the reorganization plan, between the date on which the reorganization is approved and the date on which the reorganization becomes effective, the board of a school district participating in the reorganization must obtain written consent from the board of every other school district participating in the reorganization before it:
   a. Enters into any new contract, whether oral or written, which financially obligates the district;
   b. Renews any existing contract, whether oral or written, which financially obligates the district; or
   c. Purchases any goods or services, whether in a single or in multiple transaction, if the total value of the goods or services exceeds three thousand dollars, provided the requirements of this subdivision do not extend to salaries, benefits, or other compensation paid or payable to school district personnel.

15.1-12-15. School district reorganization - School board - Duties.

1. The board of a reorganized school district established under this chapter shall negotiate with the district's teachers and may contract with the teachers' representative organization prior to the effective date of the reorganization.
2. Upon the completion of negotiations and the signing of a negotiated agreement under subsection 1, the board may offer contracts of employment to individual teachers and establish a time certain by which the individual teachers must accept or reject the offers.
3. If by five p.m. on July first of the year the reorganized district begins operations, a negotiated agreement has not been entered between the board and the teachers pursuant to statute, no teacher employed by the board may receive less in salary and benefits than that teacher received for the preceding school year. For purposes of this section, "salary and benefits" means salary, insurance benefits, teachers' fund for retirement contributions, personal leave, sick leave, accumulated sick leave, extracurricular salary, reduction-in-force policy, grievance procedures, and recall procedures.

4. On or before February first of the year in which the reorganization becomes effective, the board of the reorganized school district shall hold a public hearing to present the curriculum, course offerings, and staff positions to be available during the coming school year. The board shall publish notice of the hearing in the official newspaper of each county having land in the reorganized district, at least fourteen days before the date of the hearing.
5. By five p.m. on April fifteenth of the year in which the reorganization becomes effective, the board of the reorganized school district shall notify in writing each teacher employed by the districts being reorganized, whether or not the teacher will be offered a contract of employment with the reorganized district.

15.1-12-16. School district reorganization - Issuance of bonds - Procedure.

Before a reorganization is effective, the board of a reorganized school district established under this chapter may proceed in accordance with chapter 21-03 to issue bonds for purposes specified in that chapter if the bond issuance is provided for by the approved reorganization plan.

15.1-12-16.1. Reorganization plan - Building fund levy.

The reorganization plan required by section 15.1-12-09 may propose the inclusion of up to ten mills as a building fund levy. If the reorganization plan is approved by a majority of electors residing within the boundaries of the proposed new district, the building fund levy becomes effective, notwithstanding any other voter approval requirement in section 57-15-16.

15.1-12-17. School district reorganization - Elementary schools.

An elementary school in existence at the time a reorganization becomes effective may be closed upon approval of the board. Unless otherwise directed by the superintendent of public instruction, a school closed under this section may be reopened only upon resolution of the school board and only at the beginning of a school year that follows by at least ninety days the date of the school board's closure vote.

15.1-12-18. School district reorganization - Approval of plan - Effective date - Transfer of all property.

A reorganization plan takes effect on the first day of July following its approval by the voters. Within thirty days from the effective date of the reorganization, personnel from school districts incorporated in whole or in part into a reorganized district shall turn over to the board of the reorganized district all property and assets as required by the approved reorganization plan. Unless otherwise provided, debts, obligations, and liabilities of the districts or parts of districts incorporated into the reorganized district become the debts, obligations, and liabilities of the reorganized district.

15.1-12-18.1. Reorganizing school districts to contact job service North Dakota - Liability of new reorganized school district for reimbursement of unemployment compensation benefits paid.

The reorganizing school districts shall contact job service North Dakota for its estimation of the new reorganized school district's potential obligation to job service North Dakota for reimbursement of unemployment compensation benefits that could potentially be paid by job service North Dakota to employees of the reorganizing school districts. The new reorganized school district shall reimburse job service North Dakota for unemployment compensation benefits paid by job service North Dakota to former employees of the school districts which reorganized and for which the reorganizing school districts would have been liable, including any delinquent reimbursement payments.

15.1-12-19. School district reorganization - Sale or removal of school buildings.

The board of a reorganized district may sell or move a school building located in the district. If a petition calling for the sale of a school building is signed by a majority of the qualified

electors residing within the boundaries of a former school district now wholly located within the boundaries of the reorganized district, and is submitted to the board, the board shall sell the building. If the petition calls for the board to move the building, the board shall move the building to the location designated in the petition. The board shall deposit proceeds of the sale in either the district's general fund or the building fund. If the purchaser or recipient of the building is a political subdivision of this state, the board, upon a unanimous vote, may sell the building for less than its fair market value.

15.1-12-20. School district reorganization - Cost of elections.

If the electors reject a reorganization plan, the cost of the election must be borne by each school district that had real property included in the proposed district. The percentage of the total cost for which each district is obligated is the same as the percentage that the district's real property included in the proposed reorganized district bears to the total amount of real property in the proposed reorganized district. If the electors approve a reorganization plan, the cost of the election is borne by the newly reorganized district.

15.1-12-21. School district reorganization - Changes in plan.

1. All provisions of a reorganization plan, except those relating to boundaries and geographic voting areas, may be changed upon the concurrence of a majority of the qualified electors voting on the question. The question may be placed before the voters at a regular or special election upon a motion of the school board and shall be placed before the voters upon receipt by the board of a petition signed by at least:
   a. Twenty-five percent of the qualified electors residing in the district, if the population of the district, as determined by the county superintendent, is less than twenty-five qualified electors;
   b. Twenty percent of the qualified electors residing in the district, if the population of the district is at least twenty-five but not more than four thousand; or
   c. Fifteen percent of the qualified electors residing in the district, if the population of the district is greater than four thousand.
2. Notwithstanding the provisions of subsection 1, if a school district has been reorganized for at least ten years, the boundaries of geographic voting areas may be changed upon the concurrence of a majority of qualified electors voting on the question.
3. By resolution, the board in a reorganized district may change to at large voting for school board members if there is a variance of more than ten percent in the population between any of the district's established geographic areas with resident candidates.

15.1-12-22. School district reorganization - Board - Powers after five years - Exceptions.

1. Beginning five years after the effective date of the reorganization, the board of a reorganized district may exercise all powers granted to a school board by law, regardless of limitations contained in the district's reorganization proposal.
2. Notwithstanding subsection 1, the board of a reorganized district may change geographic voting areas only in accordance with section 15.1-12-21.

15.1-12-23. School district reorganization - Proportionate tax rate on agricultural property.

A school district that for school purposes imposed on agricultural property a proportionate tax rate different from the school district levy on other taxable property, as permitted by repealed sections 15-53.1-37 and 15-53.1-38 on December 31, 1984, shall continue to levy the proportionate tax rate unless the school board is directed, by a majority of the district's qualified electors voting on the question, to discontinue the proportionate tax rate. No other school board may impose a proportionate tax rate on different classes of property within the district.

15.1-12-24. Nonoperating school district - Reorganization or dissolution.

A school district that ceases to provide educational services within the district must become, within one year, through a process of reorganization or dissolution, part of a district operating an approved school. If a school district affected by this section has not become part of a district operating an approved school within the prescribed time limit, the school district must be dissolved. This section does not apply to military installation school districts.

15.1-12-25. Nonoperating school district - Transportation.

The school board of the district to which a nonoperating district is attached shall provide transportation to students residing within the boundaries of the attached land in the same manner that transportation is provided to all other students in the district.

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

1. A county committee shall initiate proceedings to dissolve a school district and attach the property to other operating high school districts in the same county, or to a non-high school district in the same county if there are no high school districts in the same county adjacent to the district being dissolved, when it is notified in writing by the county superintendent of schools whose jurisdiction includes the administrative headquarters of the district that:
   a. The district is financially unable to effectively and efficiently educate its students;
   b. The district has not operated a school as required by section 15.1-12-24; or
   c. A school board has determined that dissolution is in the best interest of its students.
2. Except as provided in subsection 3, a county committee shall initiate proceedings under section 15.1-12-27 to attach real property to an operating high school district in the same county, or to a non-high school district in the same county if there is no high school district in the same county adjacent to the district being dissolved, when it is notified in writing by the county superintendent that:
   a. Real property has been severed from its school district by the expansion of a city and the severed portion is not contiguous with its district; or
   b. There exists real property that does not belong to a school district.
3. If a school district reorganization plan which does not include all real property in a district is approved by the electors, the county committee shall, within forty-five days after the election, hold a hearing under section 15.1-12-27 to attach the remaining property to one or more operating high school districts in the same county, or to non-high school districts in the same county if there are no high school districts in the same county adjacent to the district being dissolved.
4. Subject to state board approval under section 15.1-12-27, a county committee that has initiated proceedings to dissolve a school district under this section may sell, exchange, or donate property or assets of the dissolving district to another political subdivision for less than fair market value provided the dissolving district has sufficient property and assets remaining to satisfy the requirements of sections 15.1-12-28 and 15.1-12-28.1.
5. Receipt of notice by a county committee under this section:
   a. Renders an annexation petition involving any real property in the district void, unless the annexation has already been approved by the state board; and
   b. Prohibits the acceptance of a new annexation petition involving any real property in the district until all dissolution proceedings have been completed.
6. One or more annexation petitions may not be used to annex all of the real property in a school district to surrounding school districts.

15.1-12-26.1. Dissolving school district to contact job service North Dakota.

Before the hearing before the county committee, the dissolving school district shall contact job service North Dakota for its estimation of the school district's potential obligation to job

service North Dakota for reimbursement of unemployment compensation benefits that could potentially be paid by job service North Dakota to school district employees.

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

1. The county superintendent shall schedule and give notice of a public hearing regarding the dissolution of the district and the subsequent attachment of the property to other high school districts in the same county, or to non-high school districts in the same county if there are no high school districts in the same county adjacent to the district being dissolved. The county superintendent shall publish the notice in the official newspaper of each county that encompasses property in the dissolving district and in the official newspaper of each county that encompasses property in a high school district adjacent to the dissolving district, or to non-high school districts in the same county if there are no high school districts in the same county adjacent to the district being dissolved, at least fourteen days before the date of the hearing. The county superintendent shall provide notice of the public hearing to the business manager of each high school district adjacent to the dissolving district, or to non-high school districts in the same county if there are no high school districts in the same county adjacent to the district being dissolved.
2. At the hearing, the board of the dissolving district may propose a particular manner of dissolution, including the sale, exchange, or donation of property and assets of the dissolving district to another political subdivision for less than fair market value.
3. The county committee shall consider testimony and documentary evidence regarding:
   a. The value and amount of property held by the dissolving school district;
   b. The amount of all outstanding bonded and other indebtedness;
   c. The distribution of property and assets among the school districts to which the dissolved district is attached, or to another political subdivision as proposed by the dissolving district;
   d. The taxable valuation of the dissolving district and adjacent school districts and the taxable valuation of adjacent school districts under the proposed manner of dissolution;
   e. The size, geographical features, and boundaries of the dissolving district and of adjacent school districts;
   f. The number of students enrolled in the dissolving district and in adjacent school districts;
   g. Each school in the dissolving district and in adjacent school districts, including its name, location, condition, accessibility, and the grade levels it offers;
   h. The location and condition of roads, highways, and natural barriers in the dissolving district and in adjacent school districts;
   i. Conditions affecting the welfare of students in the dissolving district and in adjacent school districts;
   j. The boundaries of other governmental entities;
   k. The educational needs of communities in the dissolving district and in adjacent school districts;
   l. Potential savings in school district transportation and administrative services;
   m. The anticipated future use of the dissolving districts' buildings, sites, and playfields;
   n. The potential for a reduction in per student valuation disparities between the school districts to which the dissolved district is attached;
   o. The potential to equalize or increase the educational opportunities for students from the dissolving district and for students in adjacent school districts; and
   p. All other relevant factors.
4. After the hearing, the county committee shall make findings of fact. Subject to final approval by the state board, the county committee may order the district dissolved and its real property or assets:
   a. Attached to one or more contiguous, operating high school districts in the same county;

b. Attached to non-high school districts in the same county if there are no high school districts in the same county adjacent to the district being dissolved; or
c. Sold, exchanged, or donated to another political subdivision for less than fair market value provided the dissolving district has sufficient property and assets remaining to satisfy the requirements of sections 15.1-12-28 and 15.1-12-28.1.

5. Any property ordered attached to other school districts under this section must have at least one minor residing within its boundaries.
6. The county superintendent shall forward all minutes, records, documentary evidence, and other information regarding the dissolution proceeding together with a copy of the county committee's order to the state board for final approval of the dissolution. The state board shall publish notice of its meeting at which it will consider the dissolution, in the official newspapers of the counties required for publication under subsection 1, at least fourteen days before the meeting.
7. The order of dissolution becomes effective July first following approval by the state board, unless the county committee provides for a different effective date.
8. If the boundaries of the dissolving school district cross county lines, the proceeding to dissolve the district must be conducted jointly by the county committees representing counties containing twenty-five percent or more of the dissolving district's taxable valuation. If, after the hearing, a majority of the county committees are unable to agree upon an order of dissolution and attachment, the county superintendent of the county in which the administrative headquarters of the dissolving school district is located shall notify the state board. The state board shall conduct a public hearing, as required in this section, and order the dissolution of the district and the attachment of its real property to adjacent school districts in the manner it deems appropriate. The state board shall publish notice of the public hearing in the official newspapers of the counties required for publication under subsection 1, at least fourteen days before the date of the hearing.
9. If any portion of the order providing for the attachment of real property is suspended or voided, the order of dissolution is likewise suspended or voided.
10. The state board shall provide a copy of its final findings of fact, conclusions of law, and order regarding the dissolution to job service North Dakota. If not otherwise included in the findings of fact, the state board shall also provide job service North Dakota with information on the distribution and valuation of property from the dissolving district to the receiving districts.

15.1-12-28. Dissolution of school district - Unobligated cash balance - Distribution.

1. Any unobligated cash balance not exceeding ten thousand dollars must be held in a separate fund by the auditor of the county having the greatest share of the dissolved school district's land. The county auditor shall hold the fund for one year after the effective date of the dissolution. During that year, the county auditor shall accept assets and pay unresolved debts attributable to the dissolved school district.
2. After one year, the county auditor shall distribute the remaining cash balance as follows:
   a. If the dissolving school district did not have sufficient funds for the reimbursement account set up under section 15.1-12-28.1, then as much of the remaining cash balance as would be necessary to pay the estimated obligation to job service North Dakota must be deposited in the reimbursement account. Unless otherwise directed by the order of dissolution, any remaining cash balance must be distributed to the receiving school districts in the same percentage as the taxable valuation received at the time of the attachment order.
   b. If the reimbursement account in section 15.1-12-28.1 was fully funded by the dissolving school district, the county auditor shall distribute the remaining cash balance among the school districts to which the real property of the dissolved district was attached. Unless otherwise directed by the order of dissolution, the distribution to each shall be the same percentage as the taxable valuation at the time of the attachment order.

15.1-12-28.1. Dissolving school district to set up reimbursement account for benefit of job service North Dakota - Liability of receiving school districts if funds are insufficient.

1. After the dissolution is approved by the state board and after ten thousand dollars is set aside as provided for in section 15.1-12-28, the school district shall set aside in a reimbursement account the amount of money estimated by job service North Dakota to reimburse job service North Dakota for unemployment compensation benefits that could potentially be paid by job service North Dakota to school district employees, as indicated in section 15.1-12-26.1. The school district shall set aside that money in a reimbursement account with the North Dakota school boards association or with the county auditor and shall notify job service North Dakota of the account's location.
2. The money must be held for two and one-half years from the effective date of the dissolution and must be used to reimburse job service North Dakota for unemployment compensation benefits paid by job service North Dakota to former employees of the dissolved school district for which the dissolved school district would have been liable, including any delinquent reimbursement payments.
3. After the two and one-half year period, moneys remaining in the account must be distributed to the school districts that received the dissolving school district's land, in the same proportion as taxable valuation received by the school districts.
4. If the money in the account is not sufficient to reimburse job service North Dakota for all unemployment compensation claims paid, then the school districts that received the dissolving school district's land must pay the balance to job service North Dakota in the same proportion as taxable valuation received by the school districts.

15.1-12-29. Dissolution of school district - Unobligated cash balance - Tax credits or refunds - Distribution to another political subdivision.

1. After ten thousand dollars is set aside, as required by section 15.1-12-28, and after the required amount is deposited in the reimbursement account for job service North Dakota, as required by section 15.1-12-28.1:
   a. Any remaining unobligated cash balance, up to an amount equaling a dissolved school district's general fund expenditure for the last school year before the district's dissolution is a credit for real property owners within the boundaries of the dissolved school district, against taxes levied by the district to which their property is now attached. If property from the dissolved district is attached to more than one school district, the percentage of the total credit to which each eligible real property owner is entitled must equal the percentage that the taxable valuation of the individual's real property bears to the total taxable valuation of the dissolved district's property at the time of the attachment order; or
   b. The county committee may distribute the remaining unobligated cash balance not exceeding five hundred thousand dollars to another political subdivision located partially or wholly within the geographic boundaries of the dissolving school district. After distributing the funds, the county committee shall distribute any remaining unobligated cash balance in accordance with subdivision a.
2. Upon approval of the board of county commissioners, any school district providing a tax credit under subdivision a of subsection 1 may provide a cash refund in lieu of the tax credit. At the request of the county auditor, the school district holding the unobligated cash balance available under subdivision a of subsection 1 shall pay to the county treasurer the amount to be paid to those who own real property within the dissolved district. The treasurer shall issue the refund to the owner of the property as shown on the county's assessment list at the time of payment. If there is a lien for unpaid taxes against the property, the treasurer shall first apply the property owner's tax credit toward any outstanding balance. Any amount remaining may then be paid to the property owner. The cash refunds must be calculated proportionately to the total taxable value of the dissolved district during the last year taxes were levied.
3. After the requirements of subdivision a of subsection 1 have been met, the county auditor shall distribute any remaining unobligated cash balance among the school

districts to which the real property of the dissolved district was attached. The percentage of the remaining unobligated cash balance to which each school district is entitled equals that percentage of the dissolved district's total taxable valuation which was attached to the receiving school district.