

**Fifty-ninth Legislative Assembly of North Dakota  
In Regular Session Commencing Tuesday, January 4, 2005**

HOUSE BILL NO. 1160  
(Education Committee)  
(At the request of the Superintendent of Public Instruction)

AN ACT to create and enact sections 15.1-12-18.1 and 15.1-12-26.1, a new subsection to section 15.1-12-27, and section 15.1-12-28.1 of the North Dakota Century Code, relating to the reimbursement by reorganized and dissolving school districts of unemployment compensation benefits paid by job service North Dakota; and to amend and reenact sections 15.1-12-11 and 15.1-12-28 and subsection 1 of section 15.1-12-29 of the North Dakota Century Code, relating to notification of job service North Dakota, the distribution of a fund of the dissolved school district, and the credit to taxpayers of the dissolved school district.

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

**SECTION 1. AMENDMENT.** Section 15.1-12-11 of the North Dakota Century Code is amended and reenacted as follows:

**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.
- ~~3.~~ 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.
- ~~4.~~ 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.

- ~~5.~~ 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.
- ~~6.~~ 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.

**SECTION 2.** Section 15.1-12-18.1 of the North Dakota Century Code is created and enacted as follows:

**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.

**SECTION 3.** Section 15.1-12-26.1 of the North Dakota Century Code is created and enacted as follows:

**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.

**SECTION 4.** A new subsection to section 15.1-12-27 of the North Dakota Century Code is created and enacted as follows:

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.

**SECTION 5. AMENDMENT.** Section 15.1-12-28 of the North Dakota Century Code is amended and reenacted as follows:

**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.

**SECTION 6.** Section 15.1-12-28.1 of the North Dakota Century Code is created and enacted as follows:

**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.

**SECTION 7. AMENDMENT.** Subsection 1 of section 15.1-12-29 of the North Dakota Century Code is amended and reenacted as follows:

1. Any unobligated cash balance ~~in excess of~~ remaining after ten thousand dollars is set aside under section 15.1-12-28 and the required amount is deposited in the reimbursement account for job service North Dakota under section 15.1-12-28.1 is a credit for real property owners within the boundaries of the dissolved school district against taxes levied by the district in which their property is now situated. The county auditor shall base the credit on the five-year average of the total mills levied for education by the dissolved district. If property from the dissolved district is attached to more than one school district, the credit that eligible real property owners receive must be the same percentage of the unobligated cash balance as the taxable valuation of the individual's property bears to the total taxable valuation of the dissolved district's property at the time of the attachment order.

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Speaker of the House

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President of the Senate

\_\_\_\_\_  
Chief Clerk of the House

\_\_\_\_\_  
Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Fifty-ninth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1160.

House Vote:      Yeas    90      Nays    1      Absent    3

Senate Vote:    Yeas    45      Nays    0      Absent    2

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Chief Clerk of the House

Received by the Governor at \_\_\_\_\_ M. on \_\_\_\_\_, 2005.

Approved at \_\_\_\_\_ M. on \_\_\_\_\_, 2005.

\_\_\_\_\_  
Governor

Filed in this office this \_\_\_\_\_ day of \_\_\_\_\_, 2005,

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary of State