

Introduced by

1 A BILL for an Act to amend and reenact sections 57-15-14, 57-64-01, 57-64-02, 57-64-03, and  
2 57-64-04 of the North Dakota Century Code, relating to allocation of state funding to school  
3 districts for mill levy reduction grants and property tax levies of school districts; to provide an  
4 appropriation; to provide for transfers; and to provide an effective date.

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

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

8 **57-15-14. General fund levy limitations in school districts.** The aggregate amount  
9 levied each year for the purposes listed in section 57-15-14.2 by any school district, except the  
10 Fargo school district, may not exceed the amount in dollars which the school district levied for  
11 the prior school year plus twelve percent up to a general fund levy of one hundred eighty-five  
12 mills on the dollar of the taxable valuation of the district, except that:

- 13 1. In any school district having a total population in excess of four thousand according  
14 to the last federal decennial census there may be levied any specific number of  
15 mills that upon resolution of the school board has been submitted to and approved  
16 by a majority of the qualified electors voting upon the question at any regular or  
17 special school district election.
- 18 2. 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 board  
20 has been approved by fifty-five percent of the qualified electors voting upon the  
21 question at any regular or special school election.
- 22 3. 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

1           that approval is to apply. After June 30, 2009, approval by electors of increased  
2           levy authority under subsection 1 or 2 may not be effective for more than ten  
3           taxable years.

4           4. The authority for a levy of up to a specific number of mills under this section  
5           approved by electors of a school district before July 1, 2009, is terminated effective  
6           for taxable years after 2015. If the electors of a school district subject to this  
7           subsection have not approved a levy for taxable years after 2015 of up to a specific  
8           number of mills under this section by December 31, 2015, the school district levy  
9           limitation for subsequent years is subject to the limitations under section  
10          57-15-01.1 or this section.

11          5. The authority for an unlimited levy approved by electors of a school district before  
12          July 1, 2009, is terminated effective for taxable years after 2015. If the electors of  
13          a school district subject to this subsection have not approved a levy of up to a  
14          specific number of mills under this section by December 31, 2015, the school  
15          district levy limitation for subsequent years is subject to the limitations under  
16          section 57-15-01.1 or this section.

17          The question of authorizing or discontinuing such specific number of mills authority in any  
18          school district must be submitted to the qualified electors at the next regular election upon  
19          resolution of the school board or upon the filing with the school board of a petition containing  
20          the signatures of qualified electors of the district equal in number to ten percent of the number  
21          of electors who cast votes in the most recent election in the school district. However, not fewer  
22          than twenty-five signatures are required. However, the approval of discontinuing such authority  
23          does not affect the tax levy in the calendar year in which the election is held. The election must  
24          be held in the same manner and subject to the same conditions as provided in this section for  
25          the first election upon the question of authorizing the mill levy.

26                **SECTION 2. AMENDMENT.** Section 57-64-01 of the North Dakota Century Code is  
27          amended and reenacted as follows:

28                **57-64-01. Definitions.** For purposes of this chapter:

29                1. "Combined education mill rate" means the combined number of mills levied by a  
30                school district for the general fund, high school tuition, and high school  
31                transportation.

1           2. "Qualifying school district" means a school district that meets the conditions and  
2 requirements of this chapter to receive a mill levy reduction grant.

3           ~~3. "Weighted student unit" means weighted student unit as determined for the school~~  
4 ~~district under chapter 15.1-27.~~

5           **SECTION 3. AMENDMENT.** Section 57-64-02 of the North Dakota Century Code is  
6 amended and reenacted as follows:

7           **57-64-02. Mill levy reduction allocation and grant.** Each qualifying school district in  
8 the state is entitled to a mill levy reduction allocation and grant as provided in this chapter,  
9 subject to legislative appropriation to the superintendent of public instruction.

10          1. The mill levy reduction allocation rate for each qualifying school district is equal to  
11 the payments to the school district based on the per student payment rate as  
12 determined for the school year under chapter 15.1-27.

13          2. The grant to a qualifying school district may not exceed the smallest of:  
14           a. The allocation determined under subsection 1;  
15           b. The taxable valuation of property in the school district in the previous taxable  
16 year times the number of mills determined by subtracting one hundred mills  
17 from the combined education mill rate of the school district for taxable year  
18 2008; or  
19           c. The taxable valuation of property in the school district in the previous taxable  
20 year times seventy-five mills.

21          3. For purposes of this section, "taxable valuation" means the valuation to which the  
22 mill rate is applied to determine the amount of ad valorem taxes or payments in lieu  
23 of taxes, and includes taxable valuation determined for agricultural, residential, and  
24 commercial property; gas company property, pipeline property, power company  
25 property, and railroad property assessed by the state board of equalization under  
26 chapter 57-06; mobile homes under chapter 57-55; land controlled by the game  
27 and fish department subject to valuation under chapter 57-02.1; land owned by the  
28 board of university and school lands or the state treasurer subject to valuation  
29 under chapter 57-02.3; national guard land subject to valuation under chapter  
30 37-07.3; farmland or rangeland owned by nonprofit organizations for conservation  
31 purposes subject to valuation under section 10-06.1-10; land acquired by the state

1           water commission for the Devils Lake project subject to valuation under chapter  
2           61-02; a workforce safety and insurance building and associated real property  
3           subject to valuation under section 65-02-32; and carbon dioxide pipeline property  
4           subject to valuation under section 57-06-17.2. For purposes of this section,  
5           "taxable valuation" includes the taxable valuation of the homestead credit  
6           reimbursed by the state under section 57-02-08.2 and the disabled veterans credit  
7           reimbursed by the state under section 57-02-08.8.

8           4. The grant to a qualifying school district may not be less than the grant to that  
9           school district in the preceding school year.

10          ~~4.~~ 5. The superintendent of public instruction shall report to each qualifying school  
11          district by July fifteenth of each year the mill levy reduction grant in dollars  
12          available to that school district during the upcoming school year.

13          ~~5.~~ 6. By December first, January first, February first, and March first of each school year,  
14          the superintendent of public instruction shall forward to each qualifying school  
15          district installments equal to twenty-five percent of the total mill levy reduction grant  
16          the district is eligible to receive during that school year.

17          ~~6.~~ 7. Allocations to a school district under this chapter are not considered per student  
18          payments or state aid for purposes of chapter 15.1-27.

19          ~~7.~~ 8. For all purposes under law relating to allocation of funds among political  
20          subdivisions based on property tax levies, property taxes levied by a school district  
21          are the amount that would have been levied without the mill reduction grant  
22          provided to the school district under this chapter.

23           **SECTION 4. AMENDMENT.** Section 57-64-03 of the North Dakota Century Code is  
24          amended and reenacted as follows:

25           **57-64-03. School district levy compliance.**

26           1. To be eligible to receive a grant under this chapter, a qualifying school district must  
27           establish a spending level that does not result in a general fund mill rate exceeding  
28           one hundred ten mills. The certificate of levy form filed with the county auditor by a  
29           qualifying school district must reflect the revenue to be received by the school  
30           district under this chapter and that the general fund mill rate for the school district  
31           will not exceed one hundred ten mills unless:

- 1           a. The district has approval of a majority of the electors of the school district for a  
2           higher levy;
- 3           b. The higher levy is the result of a school district reorganization in compliance  
4           with chapter 15.1-12; ~~or~~
- 5           c. The higher levy does not produce an amount in dollars exceeding the amount  
6           allowed under section 57-15-01.1 for taxable year 2008 reduced by the  
7           amount of the school district's mill levy reduction grant under section 57-64-02  
8           for the budget year; or
- 9           d. The district has authority for a higher levy under subdivision b of subsection 2.
- 10          2. The authority under subdivision a or b of subsection 1 for a school district to levy a  
11          general fund mill rate exceeding one hundred ten mills applies for not more than  
12          ten taxable years at a time after taxable year 2008 unless a majority of the electors  
13          of the school district approve an extension of that authority. Approval by electors  
14          of extension of levy authority under subdivision a or b of subsection 1 is effective  
15          for not more than ten taxable years at a time. A ballot measure for approval by  
16          electors of extension of levy authority under subdivision a or b of subsection 1 is  
17          subject to the following:
- 18               a. The ballot measure must specify the number of mills for the general fund mill  
19               rate for which approval is sought.
- 20               b. If a ballot measure for approval of extension of levy authority ~~to levy a specific~~  
21               ~~number of mills~~ under this subsection is not approved by a majority of the  
22               electors of the school district voting on the question, the school district general  
23               fund levy limitation for subsequent years is subject to the limitations as  
24               determined for the school district's budget year under section 57-15-01.1 or  
25               57-15-14, whichever produces the higher levy limitation.

26           **SECTION 5. AMENDMENT.** Section 57-64-04 of the North Dakota Century Code is  
27          amended and reenacted as follows:

28           **57-64-04. Levy reduction priority.** In setting mill rates for qualified school districts,  
29          the county auditor shall apply funds allocated to a school district under this chapter for mill levy  
30          reduction first to reduce the number of mills levied for general fund purposes and, if allocation  
31          funds remain after the general fund mill rate is reduced to zero, the balance must be applied to

1 reduce the high school tuition levy and, if allocation funds remain after the high school tuition  
2 levy mill rate is reduced to zero, then to reduce the high school transportation levy of the  
3 qualified school district.

4 **SECTION 6. APPROPRIATION.** There is appropriated out of any moneys in the  
5 general fund in the state treasury, not otherwise appropriated, the sum of \_\_\_\_\_, or so  
6 much of the sum as may be necessary, to the superintendent of public instruction for the  
7 purpose of allocation of mill levy reduction grants to school districts under chapter 57-64, for the  
8 biennium beginning July 1, 2011, and ending June 30, 2013.

9 **SECTION 7. TRANSFER - PROPERTY TAX RELIEF SUSTAINABILITY FUND -**  
10 **GENERAL FUND.** The office of management and budget shall transfer the sum of  
11 \$295,000,000 from the property tax relief sustainability fund to the general fund on July 1, 2011.

12 **SECTION 8. TRANSFER - PERMANENT OIL TAX TRUST FUND - GENERAL FUND.**  
13 The office of management and budget shall transfer the sum of \_\_\_\_\_ from the  
14 permanent oil tax trust fund to the general fund on July 1, 2011.

15 **SECTION 9. TRANSFER - PERMANENT OIL TAX TRUST FUND - PROPERTY TAX**  
16 **RELIEF SUSTAINABILITY FUND.** The office of management and budget shall transfer the  
17 sum of \_\_\_\_\_ from the permanent oil tax trust fund to the property tax relief  
18 sustainability fund on July 1, 2012.

19 **SECTION 10. EFFECTIVE DATE.** Section 1 of this Act is effective for taxable years  
20 beginning after December 31, 2010. The remainder of this Act is effective July 1, 2011.