

**2025 SENATE FINANCE AND TAXATION**

**SB 2363**

# 2025 SENATE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Fort Totten Room, State Capitol

SB 2363  
2/3/2025

Relating to a property tax credit for agricultural property owned by an individual or entity that operates a farming or ranching operation; and to provide an effective date.

9:00 a.m. Vice Chairman Rummel called the meeting to order.

Members present: Chairman Weber, Vice Chairman Rummel, Senator Marcellais, Senator Patten, Senator Powers, Senator Walen

### **Discussion Topics:**

- Agriculture property tax relief eligibility
- Tax credit amounts

9:01 a.m. Senator Erbele, District 28, introduced SB 2363 and testified in favor.

9:07 a.m. Matt Perdue, Government Relations Director, North Dakota Farmers Union, testified in favor and submitted testimony #33717.

9:11 a.m. Julie Ellingson, North Dakota Stocksmen Association, testified in favor.

9:13 a.m. Pete Hanebutt, Director of Public Policy, North Dakota Farm Bureau, testified in favor.

9:14 a.m. Lesley Icenogle, Lobbyist, North Dakota Corn Growers Association, testified in favor and submitted testimony #33659.

9:15 a.m. Chairman Weber closed the hearing.

*Chance Anderson, Committee Clerk*



**In Favor of SB 2363**  
**Senate Finance and Taxation**  
**February 3, 2025**

Chairman Weber and Committee members:

For the record, my name is Lesley Icenogle. Thank you for the opportunity to testify on behalf of the North Dakota Corn Growers Association (NDCGA) in favor of Senate Bill 2363.

NDCGA supports broad-based relief for North Dakota taxpayers. SB 2363 includes agricultural property owners in this relief with the opportunity to apply for a \$1,550 tax credit.

In some rural communities, agricultural property owners pay most of the bill for school bond issues and other local spending. This burden could become even heavier if there is no relief for agricultural property owners.

NDCGA urges a Do Pass recommendation on SB 2363 to provide property tax relief for the state's farmers and ranchers. Thank you for your consideration.



Contact:

**Matt Perdue, Lobbyist**

[mperdue@ndfu.org](mailto:mperdue@ndfu.org) | 701.641.3303

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**Testimony of  
Matt Perdue  
North Dakota Farmers Union  
Before the  
Senate Finance and Taxation Committee  
February 3, 2025**

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Chairman Weber and members of the committee,

Thank you for the opportunity to testify on Senate Bill No. 2363. My name is Matt Perdue, and I am testifying on behalf of North Dakota Farmers Union's (NDFU) members. NDFU supports SB 2363.

SB 2363 provides a \$1,550 property tax credit on agricultural property. The \$1,550 credit is available only to individuals who own farmland *and* currently operate a farm or ranch. This legislation mirrors the amount of the primary residence credit provided through HB 1176. We believe this legislation is an important complement to HB 1176.

**Agriculture's Share of North Dakota Property Taxes**

Agricultural property accounted for 18.9% of property tax collections, excluding special assessments, in 2024.<sup>1</sup> North Dakota is home to 25,068 farms. Only half of those farms operate on 500 acres or more. In fact, 95% of the state's farmland is operated by 12,677 farms or ranches.<sup>2</sup> Thus, about 1.6% of the population paid an estimated 15.6% of all property taxes collected in the state.

While residential property represents the majority share of all property taxes collected statewide, agriculture landowners carry the lion's share of the property tax burden in most counties. In fact, in 42 of North Dakota's 53 counties, property tax collected on agricultural property exceeds that which is collected on residential property. Moreover, in 30 North Dakota counties, agricultural property accounts for over half of all property tax collections, excluding special assessments.<sup>3</sup>

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<sup>1</sup> Office of the North Dakota Tax Commissioner. (2024, December). *State and Local Taxes, an Overview and Comparative Guide*. Retrieved from <https://www.tax.nd.gov/sites/www/files/documents/news-center/publications/2024-Red-Book.pdf>.

<sup>2</sup> USDA National Agricultural Statistics Service. (2024, February). *2022 Census of Agriculture*. Retrieved from [https://www.nass.usda.gov/Publications/AgCensus/2022/Full\\_Report/Volume\\_1\\_Chapter\\_1\\_US/usv1.pdf](https://www.nass.usda.gov/Publications/AgCensus/2022/Full_Report/Volume_1_Chapter_1_US/usv1.pdf).

<sup>3</sup> Office of the North Dakota Tax Commissioner. (n.d.). *Property Taxes Levied by Property Class*. North Dakota Property Tax Power BI. Retrieved from <https://app.powerbigov.us/view?r=eyJrIjojNGYyYThiYTgtODgzNS00YzlhLTJhYTYtOGExYmQwZDBmMzZmLiwidCI6IjlkZWVwNDY0LWRhNTEtNGE4OC1iYWUyLWIzZGI5NGJjMGM1NCJ9>.





#### Property Tax Relief and Rural Communities

As we have shared previously, NDFU supports expanding the primary residence credit. That concept is being contemplated in several pieces of legislation this session. As the legislature acts on those bills, we continue to support complementary relief that addresses the large swath of our state where agricultural property carries the largest portion of the property tax burden.

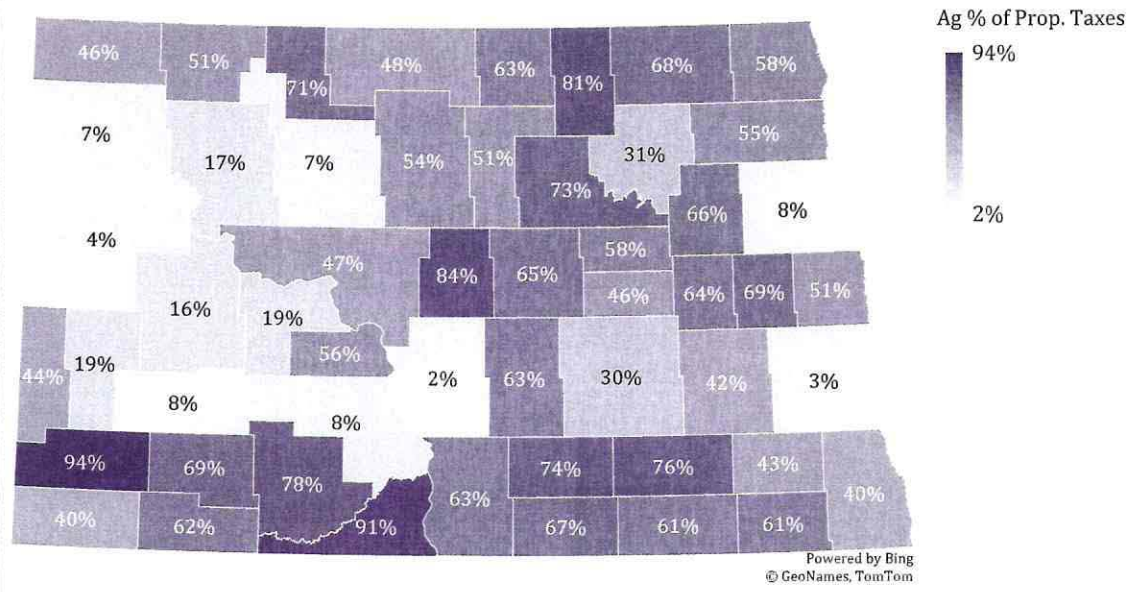
SB 2363 offers one way to provide equitable relief to the rural areas of our state. We recognize it is not the only way to do so. We have also supported SB 2279 and HB 1575, each of which would provide more broad-based relief. We have also supported HB 1176 and recognize the strong momentum behind that legislation. SB 2363 is the most direct complement to HB 1176.

#### Conclusion

We acknowledge the difficult task before this committee. We are grateful for the legislature's strong attention to property tax relief and reform this session. Our goal is to ensure agriculture is included in whatever final package the legislature approves.

Thank you for your consideration of my testimony. We respectfully request a "Do Pass" recommendation on SB 2363. I will stand for any questions.

## Agricultural Land Property Taxes as Percent of Total County Collections 2022



# 2025 SENATE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Fort Totten Room, State Capitol

SB 2363  
2/10/2025

Relating to a property tax credit for agricultural property owned by an individual or entity that operates a farming or ranching operation; and to provide an effective date.

9:53 a.m. Chairman Weber opened the hearing.

Members present: Chairman Weber, Vice Chairman Rummel, Senator Marcellais, Senator Patten, Senator Powers, Senator Walen

### Discussion Topics:

- Fiscal impact of proposed amendment
- Legality of exempting specific classes of property

9:54 a.m. Senator Erbele, District 28, testified in favor and submitted testimony #36644.

10:10 a.m. Senator Patten moved to adopt amendment LC#25.1333.02001.

10:10 a.m. Senator Walen seconded the motion.

| Senators                   | Vote |
|----------------------------|------|
| Senator Mark F. Weber      | Y    |
| Senator Dean Rummel        | N    |
| Senator Richard Marcellais | Y    |
| Senator Dale Patten        | Y    |
| Senator Michelle Powers    | Y    |
| Senator Chuck Walen        | Y    |

Motion passed 5-1-0.

10:13 a.m. Senator Powers moved Do Pass as Amended and Rerefer to Appropriations.

10:13 a.m. Senator Walen seconded the motion.

| Senators                   | Vote |
|----------------------------|------|
| Senator Mark F. Weber      | Y    |
| Senator Dean Rummel        | N    |
| Senator Richard Marcellais | Y    |
| Senator Dale Patten        | Y    |
| Senator Michelle Powers    | Y    |
| Senator Chuck Walen        | Y    |

Senate Finance and Taxation Committee  
SB 2362  
February 10, 2025  
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Motion passed 5-1-0.

Chairman Weber will carry the bill.

10:15 a.m. Chairman Weber closed the hearing.

*Chance Anderson, Committee Clerk*

Sixty-ninth  
Legislative Assembly  
of North Dakota

**PROPOSED AMENDMENTS TO**

**SENATE BILL NO. 2363**

Introduced by

Senators Erbele, Klein, Myrdal

Representatives D. Anderson, Beltz, Nelson

2-10-25  
Jm 10/20

1 A BILL ~~for an Act to create and enact a new section to chapter 57-02 of the North Dakota~~  
2 ~~Century Code, relating to a property tax credit for agricultural property owned by an individual or~~  
3 ~~entity that operates a farming or ranching operation; and to provide an effective date for an Act~~  
4 ~~to amend and reenact subsection 3 of section 15.1-27-02, sections 15.1-27-04.1, 15.1-27-04.2,~~  
5 ~~and 57-15-01.1, paragraph 3 of subdivision e of subsection 1 of section 57-15-14, section~~  
6 ~~57-15-14.2, and subdivision c of subsection 1 of section 57-20-07.1 of the North Dakota~~  
7 ~~Century Code, relating to the determination of state aid payments, state aid minimum local~~  
8 ~~effort, the protection of taxpayers and taxing districts, voter approval of excess levies in school~~  
9 ~~districts, school district levies, and contents of the property tax statement; and to provide an~~  
10 ~~effective date.~~

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

12 ~~SECTION 1. A new section to chapter 57-02 of the North Dakota Century Code is created~~  
13 ~~and enacted as follows:~~

14 ~~Qualifying farmland or ranchland credit - Qualification - Application - Certification -~~  
15 ~~State reimbursement.~~

16 ~~1. A taxpayer is entitled to a credit of one thousand five hundred fifty dollars against the~~  
17 ~~property tax due on the taxpayer's qualifying farmland or ranchland as provided in this~~  
18 ~~section. The credit may not exceed the amount of property tax due against the~~  
19 ~~qualifying farmland or ranchland.~~



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- ~~2. Persons who are co-owners of the property but who are not spouses or dependents each are entitled to a percentage of a credit under subsection 1 equal to their ownership interests in the property.~~
- ~~3. To apply for the credit under this section, an owner shall sign and file with the tax commissioner by August first of each year an application containing a verified statement of facts establishing the owner's property meets the eligibility requirements to be considered qualifying farmland or ranchland under this section as of the date of the application on a form and in the manner prescribed by the tax commissioner.~~
- ~~4. By October first of each year, the tax commissioner shall:~~
  - ~~a. Review the applications received under subsection 3 and determine which applicants qualify for the credit under this section; and~~
  - ~~b. Provide to each county director of tax equalization a copy of each approved or rejected application which identifies property located in the county.~~
- ~~5. The tax commissioner may request additional documentation from the applicant when making the determination of eligibility.~~
- ~~6. Determinations of eligibility for a credit under this section may be appealed through the equalization and abatement process.~~
- ~~7. The county auditor shall apply the credit under this section to each parcel of qualifying farmland or ranchland on the corresponding property tax statement.~~
- ~~8. A credit under this section is valid for the entire taxable year for which the claim was approved, without regard to any change of ownership of the property which occurs after the claim was approved for the taxable year.~~
- ~~9. This section does not reduce the liability of any owner for special assessments levied upon any property.~~
- ~~10. Before January fifteenth of each year after 2025, the county auditor of each county shall certify to the tax commissioner the sum of the credits which were applied to property taxes owed on qualifying farmland or ranchland in the county for the preceding year.~~
- ~~11. By March fifteenth of each year after 2025, the tax commissioner shall review the certifications under subsection 10, make any required corrections, and certify to the state treasurer for payment to each county the sum of the credits allowed under this~~



JB, 3 of 20

section in the county for the preceding year. In reviewing certifications, the tax commissioner may refer to any income tax return information or other information available to the tax commissioner.

~~12. Within fourteen days of receiving the payment from the state treasurer, the county treasurer shall apportion and distribute the payment without delay to the county and to the taxing districts of the county on the same basis property taxes under this chapter for the preceding taxable year were apportioned and distributed.~~

~~13. Supplemental certifications by the county auditor and the tax commissioner and supplemental payments by the state treasurer may be made after the dates prescribed in this section to make corrections necessary because of errors.~~

~~14. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section. Application forms must include the full name and address of the applicant and any other information prescribed by the tax commissioner. The county director of tax equalization shall make these forms available to applicants upon request.~~

~~15. For purposes of this section:~~

~~a. "Farming or ranching" has the same meaning as in section 10-06.1-01.~~

~~b. "Owned" means an individual or entity holds a present ownership interest, including ownership in fee simple, holds a present life estate or other terminable present ownership interest, or is a purchaser under a contract for deed. The term does not include a mere right of occupancy or a tenancy under a lease.~~

~~c. "Qualifying farmland or ranchland" means agricultural property as defined in section 57-02-01 which is owned by an individual or entity that operates a farming or ranching operation.~~

~~**SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after December 31, 2024.~~

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

3. On or before December fifteenth, each school district shall file with the superintendent of public instruction the taxable valuation and mill levy certifications, which must be separated by property classification. If a district fails to file the taxable valuation and



JB 40820

mill levy certifications by the required date, the superintendent of public instruction may not forward to the district any state aid payments to which the district is entitled, until the taxable valuation and mill levy certifications are filed.

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

**15.1-27-04.1. Baseline funding - Establishment - Determination of state aid. ~~(Effective through June 30, 2025) (Retroactive application - See note)~~**

~~1. To determine the amount of state aid payable to each district, the superintendent of public instruction shall establish each district's baseline funding. A district's baseline funding consists of:~~

~~a. All state aid received by the district in accordance with chapter 15.1-27 during the 2018-19 school year;~~

~~b. An amount equal to the property tax deducted by the superintendent of public instruction to determine the 2018-19 state aid payment;~~

~~c. An amount equal to seventy five percent of the revenue received by the school district during the 2017-18 school year for the following revenue types:~~

~~(1) Revenue reported under code 2000 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08;~~

~~(2) Mineral revenue received by the school district through direct allocation from the state treasurer and not reported under code 2000 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08;~~

~~(3) Tuition reported under code 1300 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08, with the exception of revenue received specifically for the operation of an educational program provided at a residential treatment facility, tuition received for the provision of an adult farm management program, and beginning in the 2021-22 school year, seventeen percent of tuition received~~



JB 50120

1 under an agreement to educate students from a school district on an  
2 air force base with funding received through federal impact aid, and an  
3 additional seventeen percent of tuition received under an agreement to  
4 educate students from a school district on an air force base with funding  
5 received through federal impact aid each school year thereafter, until the  
6 2024-25 school year when sixty-eight percent of tuition received under an  
7 agreement to educate students from a school district on an air force base  
8 with funding received through federal impact aid must be excluded from the  
9 tuition calculation under this paragraph;

10 ~~(4) Revenue from payments in lieu of taxes on the distribution and transmission~~  
11 ~~of electric power;~~

12 ~~(5) Revenue from payments in lieu of taxes on electricity generated from~~  
13 ~~sources other than coal; and~~

14 ~~(6) Revenue from the leasing of land acquired by the United States for which~~  
15 ~~compensation is allocated to the state under 33 U.S.C. 701(c)(3);~~

16 ~~d. An amount equal to the total revenue received by the school district during the~~  
17 ~~2017-18 school year for the following revenue types:~~

18 ~~(1) Mobile home tax revenue;~~

19 ~~(2) Telecommunications tax revenue; and~~

20 ~~(3) Revenue from payments in lieu of taxes and state reimbursement of the~~  
21 ~~homestead credit and disabled veterans credit; and~~

22 ~~e. Beginning with the 2020-21 school year, the superintendent shall reduce the~~  
23 ~~baseline funding for any school district that becomes an elementary district~~  
24 ~~pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must~~  
25 ~~be proportional to the number of weighted student units in the grades that are~~  
26 ~~offered through another school district relative to the total number of weighted~~  
27 ~~student units the school district offered in the year before the school district~~  
28 ~~became an elementary district. The reduced baseline funding applies to the~~  
29 ~~calculation of state aid for the first school year in which the school district~~  
30 ~~becomes an elementary district and for each year thereafter. For districts that~~  
31 ~~become an elementary district prior to the 2020-21 school year, the~~



*Johns, Feb 20*

1 ~~superintendent shall use the reduced baseline funding to calculate state aid for~~  
2 ~~the 2020-21 school year and for each year thereafter.~~

3 ~~2. a. The superintendent shall divide the district's baseline funding determined in~~  
4 ~~subsection 1 by the district's 2017-18 weighted student units to determine the~~  
5 ~~district's baseline funding per weighted student unit.~~

6 ~~b. For any school district that becomes an elementary district pursuant to section~~  
7 ~~15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the~~  
8 ~~district's baseline funding per weighted student unit used to calculate state aid.~~  
9 ~~The superintendent shall divide the district's baseline funding determined in~~  
10 ~~subsection 1 by the district's weighted student units after the school district~~  
11 ~~becomes an elementary district to determine the district's adjusted baseline~~  
12 ~~funding per weighted student unit. The superintendent shall use the district's~~  
13 ~~adjusted baseline funding per weighted student unit in the calculation of state aid~~  
14 ~~for the first school year in which the school district becomes an elementary~~  
15 ~~district and for each year thereafter.~~

16 ~~c. Beginning with the 2021-22 school year and for each school year thereafter, the~~  
17 ~~superintendent shall reduce the district's baseline funding per weighted student~~  
18 ~~unit. Each year the superintendent shall calculate the amount by which the~~  
19 ~~district's baseline funding per weighted student unit exceeds the payment per~~  
20 ~~weighted student unit provided in subsection 3. For the 2023-24 school year the~~  
21 ~~superintendent shall reduce the district's baseline funding per weighted student~~  
22 ~~unit by forty percent of the amount by which the district's baseline funding per~~  
23 ~~weighted student unit exceeds the payment per weighted student unit for the~~  
24 ~~2023-24 school year. For each year thereafter, the reduction percentage is~~  
25 ~~increased by an additional fifteen percent. However, the district's baseline funding~~  
26 ~~per weighted student unit, after the reduction, may not be less than the payment~~  
27 ~~per weighted student unit provided in subsection 3.~~

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

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



JB 7/20/20

- 1 ~~(2) One hundred two percent of the district's baseline funding per weighted~~  
2 ~~student unit, as established in subsection 2, multiplied by the district's~~  
3 ~~weighted student units, not to exceed the district's 2017-18 baseline~~  
4 ~~weighted student units, plus any weighted student units in excess of the~~  
5 ~~2017-18 baseline weighted student units multiplied by ten thousand~~  
6 ~~six hundred forty-six dollars; or~~
- 7 ~~(3) The district's baseline funding as established in subsection 1 less the~~  
8 ~~amount in paragraph 1, with the difference reduced by forty percent and~~  
9 ~~then the difference added to the amount determined in paragraph 1.~~
- 10 ~~b. For the 2024-25 school year and each school year thereafter, the superintendent~~  
11 ~~shall calculate state aid as the greater of:~~
- 12 ~~(1) The district's weighted student units multiplied by eleven thousand~~  
13 ~~seventy-two dollars;~~
- 14 ~~(2) One hundred two percent of the district's baseline funding per weighted~~  
15 ~~student unit, as established in subsection 2, multiplied by the district's~~  
16 ~~weighted student units, not to exceed the district's 2017-18 baseline~~  
17 ~~weighted student units, plus any weighted student units in excess of the~~  
18 ~~2017-18 baseline weighted student units multiplied by eleven thousand~~  
19 ~~seventy-two dollars; or~~
- 20 ~~(3) The district's baseline funding as established in subsection 1 less the~~  
21 ~~amount in paragraph 1, with the difference reduced by fifty-five percent for~~  
22 ~~the 2024-25 school year and the reduction percentage increasing by fifteen~~  
23 ~~percent each school year thereafter until the difference is reduced to zero,~~  
24 ~~and then the difference added to the amount determined in paragraph 1.~~
- 25 ~~4. After determining the product in accordance with subsection 3, the superintendent of~~  
26 ~~public instruction shall:~~
- 27 ~~a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the~~  
28 ~~school district, except the amount in dollars subtracted for purposes of this~~  
29 ~~subdivision may not exceed the previous year's amount in dollars subtracted for~~  
30 ~~purposes of this subdivision by more than twelve percent, adjusted pursuant to~~  
31 ~~section 15.1-27-04.3; and~~



*Jh 80620*

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

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

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

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

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

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



*ADO 90820*

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

~~**Baseline funding – Establishment – Determination of state aid. (Effective after June 30, 2025)**~~

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



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the superintendent of public instruction in accordance with section 15.1-02-08;

(3) Tuition reported under code 1300 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08, with the exception of revenue received specifically for the operation of an educational program provided at a residential treatment facility, tuition received for the provision of an adult farm management program, and beginning in the 2025-26 school year, eighty-five percent of tuition received under an agreement to educate students from a school district on an air force base with funding received through federal impact aid, until the 2026-27 school year, and each school year thereafter, when all tuition received under an agreement to educate students from a school district on an air force base with funding received through federal impact aid must be excluded from the tuition calculation under this paragraph;

(4) Revenue from payments in lieu of taxes on the distribution and transmission of electric power;

(5) Revenue from payments in lieu of taxes on electricity generated from sources other than coal; and

(6) Revenue from the leasing of land acquired by the United States for which compensation is allocated to the state under 33 U.S.C. 701(c)(3); and

d. An amount equal to the total revenue received by the school district during the 2017-18 school year for the following revenue types:

(1) Mobile home tax revenue;

(2) Telecommunications tax revenue; and

(3) Revenue from payments in lieu of taxes and state reimbursement of the homestead credit and disabled veterans credit.

e. Beginning with the 2020-21 school year, the superintendent shall reduce the baseline funding for any school district that becomes an elementary district pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must be proportional to the number of weighted student units in the grades that are



*JK 11/01/20*

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



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

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

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

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

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

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

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

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

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



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

a. Subtract an amount equal to ~~sixty~~ the sum of:

(1) Thirty mills multiplied by the taxable valuation of agricultural property in the school district; and

(2) Sixty mills multiplied by the taxable valuation of residential, commercial, and centrally assessed property in the school district.

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

(1) Tuition revenue shall be adjusted as follows:

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

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



(2) After adjusting tuition revenue as provided in paragraph 1, the superintendent shall reduce all remaining revenues from all revenue types by the percentage of mills levied in ~~2022~~2024 by the school district for sinking and interest relative to the total mills levied in ~~2022~~2024 by the school district for all purposes.

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

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

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

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

b. The total number of mills levied in the previous calendar year by each school district for all purposes, separated by property classification; and

c. The number of mills levied in the previous calendar year by each school district for sinking and interest fund purposes, separated by property classification.

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

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

If a district's taxable valuation per student is less than twenty percent of the state average valuation per student, the superintendent of public instruction, for purposes of determining state aid in accordance with subsection 4 of section 15.1-27-04.1, shall ~~utilize an amount equal to~~ sixty ~~deduct the sum of the following:~~

1. Thirty mills times twenty percent of the state average valuation of agricultural property per student multiplied by the number of weighted student units in the district; and



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2. Sixty mills times twenty percent of the state average valuation of residential, commercial, and centrally assessed property per student multiplied by the number of weighted student units in the district.

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

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

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

1. No taxing district may levy more taxes expressed in dollars than the amounts allowed by this section.
2. For purposes of this section:
  - a. "Base year" means the taxing district's taxable year with the highest amount levied in dollars in property taxes of the three taxable years immediately preceding the budget year;
  - b. "Budget year" means the taxing district's year for which the levy is being determined under this section;
  - c. "Calculated mill rate" means the mill rate that results from dividing the base year taxes levied by the sum of the taxable value of the taxable property in the base year plus the taxable value of the property exempt by local discretion or charitable status, calculated in the same manner as the taxable property; and
  - d. "Property exempt by local discretion or charitable status" means property exempted from taxation as new or expanding businesses under chapter 40-57.1; improvements to property under chapter 57-02.2; or buildings belonging to institutions of public charity, new single-family residential or townhouse or condominium property, property used for early childhood services, or pollution abatement improvements under section 57-02-08.
3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:



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- 1           a. Reduced by an amount equal to the sum determined by application of the base  
2           year's calculated mill rate for that taxing district to the final base year taxable  
3           valuation of any taxable property and property exempt by local discretion or  
4           charitable status which is not included in the taxing district for the budget year but  
5           was included in the taxing district for the base year.
- 6           b. Increased by an amount equal to the sum determined by the application of the  
7           base year's calculated mill rate for that taxing district to the final budget year  
8           taxable valuation of any taxable property or property exempt by local discretion or  
9           charitable status which was not included in the taxing district for the base year  
10          but which is included in the taxing district for the budget year.
- 11          c. Reduced to reflect expired temporary mill levy increases authorized by the  
12          electors of the taxing district. For purposes of this subdivision, an expired  
13          temporary mill levy increase does not include a school district general fund mill  
14          rate exceeding one hundred ten mills which has expired or has not received  
15          approval of electors for an extension under subsection 2 of section 57-64-03.
- 16          d. Reduced by the amount of state aid under chapter 15.1-27, which is determined  
17          by multiplying the budget year taxable valuation of the school district by the  
18          lesser of the base year mill rate of the school district minus sixty mills for  
19          residential, commercial, and centrally assessed property and thirty mills for  
20          agricultural property, or fifty-sixty mills for all property classifications, if the base  
21          year is a taxable year before ~~2013~~2025.
- 22      4. In addition to any other levy limitation factor under this section, a taxing district may  
23      increase its levy in dollars to reflect new or increased mill levies authorized by the  
24      legislative assembly or authorized by the electors of the taxing district.
- 25      5. Under this section a taxing district may supersede any applicable mill levy limitations  
26      otherwise provided by law, or a taxing district may levy up to the mill levy limitations  
27      otherwise provided by law without reference to this section, but the provisions of this  
28      section do not apply to the following:
  - 29          a. Any irrevocable tax to pay bonded indebtedness levied pursuant to section 16 of  
30          article X of the Constitution of North Dakota.



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

6. A school district choosing to determine its levy authority under this section may apply subsection 3 only to the amount in dollars levied for the school district's local contribution to the costs of education and general fund purposes under section 57-15-14 or, if the levy in the base year included separate general fund and special fund levies under sections 57-15-14 and 57-15-14.2, the school district may apply subsection 3 to the total amount levied in dollars in the base year for ~~both the~~ school district's local contribution to the costs of education, general fund, and special fund accounts. School district levies under any section other than section 57-15-14 may be made within applicable limitations but those levies are not subject to subsection 3.
7. Optional levies under this section may be used by any city or county that has adopted a home rule charter unless the provisions of the charter supersede state laws related to property tax levy limitations.

**SECTION 5. AMENDMENT.** Paragraph 3 of subdivision e of subsection 1 of section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

- (3) The authority for a levy of up to a specific number of mills, placed on the ballot in a school district election for electoral approval of increased levy authority under subdivision a or b, after June 30, ~~2013~~2025, must be stated as a specific number of mills of general fund levy authority and must include a statement that the statutory school district general fund levy limitation is seventy mills on the dollar of the taxable valuation of residential, commercial, and centrally assessed property in the school district and forty mills on the dollar of the taxable valuation of agricultural property in the school district.

**SECTION 6. AMENDMENT.** Section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

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

1. a. The board of a school district may levy a tax ~~not exceeding~~ for the school district's local contribution to the costs of education which may not exceed the amount in



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dollars that ~~the school district levied for the prior year, plus twelve percent, up~~  
~~to would be generated by~~ a levy of ~~seventy~~:

(1) Thirty mills on the taxable valuation of agricultural property in the district, ~~for~~  
~~any purpose related to the provision of educational services.~~

(2) Sixty mills on the taxable valuation of residential, commercial, and centrally  
assessed property in the district.

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

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

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

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

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

~~5.6.~~ The board of a school district may levy no more than five mills on the taxable valuation  
of the district, pursuant to section 57-15-15.1, for purposes of developing a school  
safety plan in accordance with section 15.1-09-60. The proceeds of this levy must be



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deposited into a special fund known as the school safety plan fund and used in accordance with this subsection.

~~6.7.~~ Nothing in this section limits the board of a school district from levying:

- a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and
- b. Mills necessary to pay principal and interest on the bonded debt of the district, including the mills necessary to pay principal and interest on any bonded debt incurred under section 57-15-17.1 before July 1, 2013.

**SECTION 7. AMENDMENT.** Subdivision c of subsection 1 of section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

- c. Provide information identifying the property tax savings provided by the state of North Dakota. The tax statement must include a line item that is entitled "legislative tax relief" and identifies the dollar amount of property tax savings realized by the taxpayer under chapter 50-34 for taxable years before 2019, chapter 50-35 for taxable years after 2018, and chapter 15.1-27.

(1) For purposes of this subdivision, legislative tax relief under chapter 15.1-27 is determined ~~by multiplying as follows:~~

~~(a) For agricultural property, the taxable value for the taxable year for each parcel shown on the tax statement multiplied by the number lesser of one hundred fifty-five mills or the sum of the mill levy reduction grant under chapter 57-64 for the 2012 taxable year plus and the number of mills determined by subtracting from the 2012 taxable year mill rate of the school district in which the parcel is located the lesser of:~~

~~(a) Fifty mills; or excluding thirty mills.~~

(b) ~~The~~ For residential, commercial, and centrally assessed property, the taxable value for the taxable year for each parcel shown on the tax statement multiplied by the lesser of one hundred twenty-five mills or the sum of the mill levy reduction grant under chapter 57-64 for the 2012 taxable year and the 2012 taxable year mill rate of the school district minusexcluding sixty mills.

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

6                   **SECTION 8. EFFECTIVE DATE.** Sections 4, 5, and 6 of this Act are effective for taxable  
7                   years beginning after December 31, 2024.



**REPORT OF STANDING COMMITTEE  
SB 2363**

**Finance and Taxation Committee (Sen. Weber, Chairman)** recommends **AMENDMENTS** ([25.1333.02001](#)) and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (5 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2363 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

25.1333.02001  
Title.

Prepared by the Legislative Council  
staff for Senator Erbele  
February 7, 2025

Sixty-ninth  
Legislative Assembly  
of North Dakota

## PROPOSED AMENDMENTS TO

### SENATE BILL NO. 2363

Introduced by

Senators Erbele, Klein, Myrdal

Representatives D. Anderson, Beltz, Nelson

1 A BILL ~~for an Act to create and enact a new section to chapter 57-02 of the North Dakota~~  
2 ~~Century Code, relating to a property tax credit for agricultural property owned by an individual or~~  
3 ~~entity that operates a farming or ranching operation; and to provide an effective date.~~for an Act  
4 to amend and reenact subsection 3 of section 15.1-27-02, sections 15.1-27-04.1, 15.1-27-04.2,  
5 and 57-15-01.1, paragraph 3 of subdivision e of subsection 1 of section 57-15-14, section  
6 57-15-14.2, and subdivision c of subsection 1 of section 57-20-07.1 of the North Dakota  
7 Century Code, relating to the determination of state aid payments, state aid minimum local  
8 effort, the protection of taxpayers and taxing districts, voter approval of excess levies in school  
9 districts, school district levies, and contents of the property tax statement; and to provide an  
10 effective date.

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

12 — ~~SECTION 1.~~ A new section to chapter 57-02 of the North Dakota Century Code is created  
13 and enacted as follows:

14 — ~~Qualifying farmland or ranchland credit – Qualification – Application – Certification –~~  
15 ~~State reimbursement.~~

16 — ~~1. A taxpayer is entitled to a credit of one thousand five hundred fifty dollars against the~~  
17 ~~property tax due on the taxpayer's qualifying farmland or ranchland as provided in this~~  
18 ~~section. The credit may not exceed the amount of property tax due against the~~  
19 ~~qualifying farmland or ranchland.~~

- ~~2. Persons who are co-owners of the property but who are not spouses or dependents each are entitled to a percentage of a credit under subsection 1 equal to their ownership interests in the property.~~
- ~~3. To apply for the credit under this section, an owner shall sign and file with the tax commissioner by August first of each year an application containing a verified statement of facts establishing the owner's property meets the eligibility requirements to be considered qualifying farmland or ranchland under this section as of the date of the application on a form and in the manner prescribed by the tax commissioner.~~
- ~~4. By October first of each year, the tax commissioner shall:~~
  - ~~a. Review the applications received under subsection 3 and determine which applicants qualify for the credit under this section; and~~
  - ~~b. Provide to each county director of tax equalization a copy of each approved or rejected application which identifies property located in the county.~~
- ~~5. The tax commissioner may request additional documentation from the applicant when making the determination of eligibility.~~
- ~~6. Determinations of eligibility for a credit under this section may be appealed through the equalization and abatement process.~~
- ~~7. The county auditor shall apply the credit under this section to each parcel of qualifying farmland or ranchland on the corresponding property tax statement.~~
- ~~8. A credit under this section is valid for the entire taxable year for which the claim was approved, without regard to any change of ownership of the property which occurs after the claim was approved for the taxable year.~~
- ~~9. This section does not reduce the liability of any owner for special assessments levied upon any property.~~
- ~~10. Before January fifteenth of each year after 2025, the county auditor of each county shall certify to the tax commissioner the sum of the credits which were applied to property taxes owed on qualifying farmland or ranchland in the county for the preceding year.~~
- ~~11. By March fifteenth of each year after 2025, the tax commissioner shall review the certifications under subsection 10, make any required corrections, and certify to the state treasurer for payment to each county the sum of the credits allowed under this~~



~~section in the county for the preceding year. In reviewing certifications, the tax commissioner may refer to any income tax return information or other information available to the tax commissioner.~~

~~12. Within fourteen days of receiving the payment from the state treasurer, the county treasurer shall apportion and distribute the payment without delay to the county and to the taxing districts of the county on the same basis property taxes under this chapter for the preceding taxable year were apportioned and distributed.~~

~~13. Supplemental certifications by the county auditor and the tax commissioner and supplemental payments by the state treasurer may be made after the dates prescribed in this section to make corrections necessary because of errors.~~

~~14. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section. Application forms must include the full name and address of the applicant and any other information prescribed by the tax commissioner. The county director of tax equalization shall make these forms available to applicants upon request.~~

~~15. For purposes of this section:~~

~~a. "Farming or ranching" has the same meaning as in section 10-06.1-01.~~

~~b. "Owned" means an individual or entity holds a present ownership interest, including ownership in fee simple, holds a present life estate or other terminable present ownership interest, or is a purchaser under a contract for deed. The term does not include a mere right of occupancy or a tenancy under a lease.~~

~~c. "Qualifying farmland or ranchland" means agricultural property as defined in section 57-02-01 which is owned by an individual or entity that operates a farming or ranching operation.~~

~~**SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after December 31, 2024.~~

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

3. On or before December fifteenth, each school district shall file with the superintendent of public instruction the taxable valuation and mill levy certifications, which must be separated by property classification. If a district fails to file the taxable valuation and



mill levy certifications by the required date, the superintendent of public instruction may not forward to the district any state aid payments to which the district is entitled, until the taxable valuation and mill levy certifications are filed.

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

**15.1-27-04.1. Baseline funding - Establishment - Determination of state aid. ~~(Effective through June 30, 2025) (Retroactive application - See note)~~**

- ~~1. To determine the amount of state aid payable to each district, the superintendent of public instruction shall establish each district's baseline funding. A district's baseline funding consists of:~~
  - ~~a. All state aid received by the district in accordance with chapter 15.1-27 during the 2018-19 school year;~~
  - ~~b. An amount equal to the property tax deducted by the superintendent of public instruction to determine the 2018-19 state aid payment;~~
  - ~~c. An amount equal to seventy-five percent of the revenue received by the school district during the 2017-18 school year for the following revenue types:~~
    - ~~(1) Revenue reported under code 2000 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08;~~
    - ~~(2) Mineral revenue received by the school district through direct allocation from the state treasurer and not reported under code 2000 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08;~~
    - ~~(3) Tuition reported under code 1300 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08, with the exception of revenue received specifically for the operation of an educational program provided at a residential treatment facility, tuition received for the provision of an adult farm management program, and beginning in the 2021-22 school year, seventeen percent of tuition received~~



1 under an agreement to educate students from a school district on an  
2 air force base with funding received through federal impact aid, and an  
3 additional seventeen percent of tuition received under an agreement to  
4 educate students from a school district on an air force base with funding  
5 received through federal impact aid each school year thereafter, until the  
6 2024-25 school year when sixty-eight percent of tuition received under an  
7 agreement to educate students from a school district on an air force base  
8 with funding received through federal impact aid must be excluded from the  
9 tuition calculation under this paragraph;

10 ~~(4) Revenue from payments in lieu of taxes on the distribution and transmission~~  
11 ~~of electric power;~~

12 ~~(5) Revenue from payments in lieu of taxes on electricity generated from~~  
13 ~~sources other than coal; and~~

14 ~~(6) Revenue from the leasing of land acquired by the United States for which~~  
15 ~~compensation is allocated to the state under 33 U.S.C. 701(c)(3);~~

16 ~~d. An amount equal to the total revenue received by the school district during the~~  
17 ~~2017-18 school year for the following revenue types:~~

18 ~~(1) Mobile home tax revenue;~~

19 ~~(2) Telecommunications tax revenue; and~~

20 ~~(3) Revenue from payments in lieu of taxes and state reimbursement of the~~  
21 ~~homestead credit and disabled veterans credit; and~~

22 ~~e. Beginning with the 2020-21 school year, the superintendent shall reduce the~~  
23 ~~baseline funding for any school district that becomes an elementary district~~  
24 ~~pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must~~  
25 ~~be proportional to the number of weighted student units in the grades that are~~  
26 ~~offered through another school district relative to the total number of weighted~~  
27 ~~student units the school district offered in the year before the school district~~  
28 ~~became an elementary district. The reduced baseline funding applies to the~~  
29 ~~calculation of state aid for the first school year in which the school district~~  
30 ~~becomes an elementary district and for each year thereafter. For districts that~~  
31 ~~become an elementary district prior to the 2020-21 school year, the~~



1           superintendent shall use the reduced baseline funding to calculate state aid for  
2           the 2020-21 school year and for each year thereafter.

3       ~~2. a. The superintendent shall divide the district's baseline funding determined in~~  
4       ~~subsection 1 by the district's 2017-18 weighted student units to determine the~~  
5       ~~district's baseline funding per weighted student unit.~~

6       ~~b. For any school district that becomes an elementary district pursuant to section~~  
7       ~~15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the~~  
8       ~~district's baseline funding per weighted student unit used to calculate state aid.~~  
9       ~~The superintendent shall divide the district's baseline funding determined in~~  
10      ~~subsection 1 by the district's weighted student units after the school district~~  
11      ~~becomes an elementary district to determine the district's adjusted baseline~~  
12      ~~funding per weighted student unit. The superintendent shall use the district's~~  
13      ~~adjusted baseline funding per weighted student unit in the calculation of state aid~~  
14      ~~for the first school year in which the school district becomes an elementary~~  
15      ~~district and for each year thereafter.~~

16      ~~c. Beginning with the 2021-22 school year and for each school year thereafter, the~~  
17      ~~superintendent shall reduce the district's baseline funding per weighted student~~  
18      ~~unit. Each year the superintendent shall calculate the amount by which the~~  
19      ~~district's baseline funding per weighted student unit exceeds the payment per~~  
20      ~~weighted student unit provided in subsection 3. For the 2023-24 school year the~~  
21      ~~superintendent shall reduce the district's baseline funding per weighted student~~  
22      ~~unit by forty percent of the amount by which the district's baseline funding per~~  
23      ~~weighted student unit exceeds the payment per weighted student unit for the~~  
24      ~~2023-24 school year. For each year thereafter, the reduction percentage is~~  
25      ~~increased by an additional fifteen percent. However, the district's baseline funding~~  
26      ~~per weighted student unit, after the reduction, may not be less than the payment~~  
27      ~~per weighted student unit provided in subsection 3.~~

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

30      ~~(1) The district's weighted student units multiplied by ten thousand six hundred~~  
31      ~~forty six dollars;~~



1 ~~(2) One hundred two percent of the district's baseline funding per weighted~~  
2 ~~student unit, as established in subsection 2, multiplied by the district's~~  
3 ~~weighted student units, not to exceed the district's 2017-18 baseline~~  
4 ~~weighted student units, plus any weighted student units in excess of the~~  
5 ~~2017-18 baseline weighted student units multiplied by ten thousand~~  
6 ~~six hundred forty-six dollars; or~~

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

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

12 ~~(1) The district's weighted student units multiplied by eleven thousand~~  
13 ~~seventy-two dollars;~~

14 ~~(2) One hundred two percent of the district's baseline funding per weighted~~  
15 ~~student unit, as established in subsection 2, multiplied by the district's~~  
16 ~~weighted student units, not to exceed the district's 2017-18 baseline~~  
17 ~~weighted student units, plus any weighted student units in excess of the~~  
18 ~~2017-18 baseline weighted student units multiplied by eleven thousand~~  
19 ~~seventy-two dollars; or~~

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

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

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



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

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

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

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

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

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



the superintendent of public instruction in accordance with section 15.1-02-08;

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



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

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

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

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

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

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

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

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

(3) The district's baseline funding as established in subsection 1 less the amount in paragraph 1, with the difference reduced by fifty-five percent for the 2024-25 school year and the reduction percentage increasing by fifteen percent each school year thereafter until the difference is reduced to zero, 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~~ the sum of:

4       (1) Thirty mills multiplied by the taxable valuation of agricultural property in the  
5       school district; and

6       (2) Sixty mills multiplied by the taxable valuation of residential, commercial, and  
7       centrally assessed property in the school district.

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

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

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

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



(2) After adjusting tuition revenue as provided in paragraph 1, the superintendent shall reduce all remaining revenues from all revenue types by the percentage of mills levied in ~~2022~~2024 by the school district for sinking and interest relative to the total mills levied in ~~2022~~2024 by the school district for all purposes.

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

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

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

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

b. The total number of mills levied in the previous calendar year by each school district for all purposes, separated by property classification; and

c. The number of mills levied in the previous calendar year by each school district for sinking and interest fund purposes, separated by property classification.

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

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

If a district's taxable valuation per student is less than twenty percent of the state average valuation per student, the superintendent of public instruction, for purposes of determining state aid in accordance with subsection 4 of section 15.1-27-04.1, shall ~~utilize an amount equal to sixty~~ deduct the sum of the following:

1. Thirty mills times twenty percent of the state average valuation of agricultural property per student multiplied by the number of weighted student units in the district; and



2. Sixty mills times twenty percent of the state average valuation of residential, commercial, and centrally assessed property per student multiplied by the number of weighted student units in the district.

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

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

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

1. No taxing district may levy more taxes expressed in dollars than the amounts allowed by this section.
2. For purposes of this section:
  - a. "Base year" means the taxing district's taxable year with the highest amount levied in dollars in property taxes of the three taxable years immediately preceding the budget year;
  - b. "Budget year" means the taxing district's year for which the levy is being determined under this section;
  - c. "Calculated mill rate" means the mill rate that results from dividing the base year taxes levied by the sum of the taxable value of the taxable property in the base year plus the taxable value of the property exempt by local discretion or charitable status, calculated in the same manner as the taxable property; and
  - d. "Property exempt by local discretion or charitable status" means property exempted from taxation as new or expanding businesses under chapter 40-57.1; improvements to property under chapter 57-02.2; or buildings belonging to institutions of public charity, new single-family residential or townhouse or condominium property, property used for early childhood services, or pollution abatement improvements under section 57-02-08.
3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:



- 1           a.   Reduced by an amount equal to the sum determined by application of the base  
2           year's calculated mill rate for that taxing district to the final base year taxable  
3           valuation of any taxable property and property exempt by local discretion or  
4           charitable status which is not included in the taxing district for the budget year but  
5           was included in the taxing district for the base year.
- 6           b.   Increased by an amount equal to the sum determined by the application of the  
7           base year's calculated mill rate for that taxing district to the final budget year  
8           taxable valuation of any taxable property or property exempt by local discretion or  
9           charitable status which was not included in the taxing district for the base year  
10          but which is included in the taxing district for the budget year.
- 11          c.   Reduced to reflect expired temporary mill levy increases authorized by the  
12          electors of the taxing district. For purposes of this subdivision, an expired  
13          temporary mill levy increase does not include a school district general fund mill  
14          rate exceeding one hundred ten mills which has expired or has not received  
15          approval of electors for an extension under subsection 2 of section 57-64-03.
- 16          d.   Reduced by the amount of state aid under chapter 15.1-27, which is determined  
17          by multiplying the budget year taxable valuation of the school district by the  
18          lesser of the base year mill rate of the school district minus sixty mills for  
19          residential, commercial, and centrally assessed property and thirty mills for  
20          agricultural property, or fifty~~sixty~~ mills for all property classifications, if the base  
21          year is a taxable year before ~~2013~~2025.
- 22        4.   In addition to any other levy limitation factor under this section, a taxing district may  
23        increase its levy in dollars to reflect new or increased mill levies authorized by the  
24        legislative assembly or authorized by the electors of the taxing district.
- 25        5.   Under this section a taxing district may supersede any applicable mill levy limitations  
26        otherwise provided by law, or a taxing district may levy up to the mill levy limitations  
27        otherwise provided by law without reference to this section, but the provisions of this  
28        section do not apply to the following:
  - 29           a.   Any irrevocable tax to pay bonded indebtedness levied pursuant to section 16 of  
30           article X of the Constitution of North Dakota.



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

6. A school district choosing to determine its levy authority under this section may apply subsection 3 only to the amount in dollars levied for the school district's local contribution to the costs of education and general fund purposes under section 57-15-14 or, if the levy in the base year included separate general fund and special fund levies under sections 57-15-14 and 57-15-14.2, the school district may apply subsection 3 to the total amount levied in dollars in the base year for ~~both the school district's local contribution to the costs of education,~~ general fund, and special fund accounts. School district levies under any section other than section 57-15-14 may be made within applicable limitations but those levies are not subject to subsection 3.
7. Optional levies under this section may be used by any city or county that has adopted a home rule charter unless the provisions of the charter supersede state laws related to property tax levy limitations.

**SECTION 5. AMENDMENT.** Paragraph 3 of subdivision e of subsection 1 of section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

- (3) The authority for a levy of up to a specific number of mills, placed on the ballot in a school district election for electoral approval of increased levy authority under subdivision a or b, after June 30, ~~2013~~2025, must be stated as a specific number of mills of general fund levy authority and must include a statement that the statutory school district general fund levy limitation is seventy mills on the dollar of the taxable valuation of residential, commercial, and centrally assessed property in the school district and forty mills on the dollar of the taxable valuation of agricultural property in the school district.

**SECTION 6. AMENDMENT.** Section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

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

1. a. The board of a school district may levy a tax ~~not exceeding~~for the school district's local contribution to the costs of education which may not exceed the amount in



dollars that ~~the school district levied for the prior year, plus twelve percent, up to~~ would be generated by a levy of seventy:

(1) Thirty mills on the taxable valuation of agricultural property in the district, for any purpose related to the provision of educational services.

(2) Sixty mills on the taxable valuation of residential, commercial, and centrally assessed property in the district.

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

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

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

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

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

~~5.6.~~ The board of a school district may levy no more than five mills on the taxable valuation of the district, pursuant to section 57-15-15.1, for purposes of developing a school safety plan in accordance with section 15.1-09-60. The proceeds of this levy must be



deposited into a special fund known as the school safety plan fund and used in accordance with this subsection.

~~6.7.~~ Nothing in this section limits the board of a school district from levying:

- a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and
- b. Mills necessary to pay principal and interest on the bonded debt of the district, including the mills necessary to pay principal and interest on any bonded debt incurred under section 57-15-17.1 before July 1, 2013.

**SECTION 7. AMENDMENT.** Subdivision c of subsection 1 of section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

- c. Provide information identifying the property tax savings provided by the state of North Dakota. The tax statement must include a line item that is entitled "legislative tax relief" and identifies the dollar amount of property tax savings realized by the taxpayer under chapter 50-34 for taxable years before 2019, chapter 50-35 for taxable years after 2018, and chapter 15.1-27.

(1) For purposes of this subdivision, legislative tax relief under chapter 15.1-27 is determined ~~by multiplying~~ as follows:

(a) For agricultural property, the taxable value for the taxable year for each parcel shown on the tax statement multiplied by the number lesser of one hundred fifty-five mills or the sum of the mill levy reduction grant under chapter 57-64 for the 2012 taxable year plus and the number of mills determined by subtracting from the 2012 taxable year mill rate of the school district in which the parcel is located the lesser of:

~~(a) Fifty mills; or excluding thirty mills.~~

(b) For residential, commercial, and centrally assessed property, the taxable value for the taxable year for each parcel shown on the tax statement multiplied by the lesser of one hundred twenty-five mills or the sum of the mill levy reduction grant under chapter 57-64 for the 2012 taxable year and the 2012 taxable year mill rate of the school district minus excluding sixty mills.



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

6           **SECTION 8. EFFECTIVE DATE.** Sections 4, 5, and 6 of this Act are effective for taxable  
7           years beginning after December 31, 2024.



**2025 SENATE APPROPRIATIONS**

**SB 2363**



# 2025 SENATE STANDING COMMITTEE MINUTES

## Appropriations - Government Operations Division Red River Room, State Capitol

SB 2363  
2/17/2025

Relating to the determination of state aid payments, state aid minimum local effort, the protection of taxpayers and taxing districts, voter approval of excess levies in school districts, school district levies, and contents of the property tax statement; and to provide an effective date.

10:27 a.m. Chairman Wanzek opened the hearing.

Members present: Chairman Wanzek, Vice-Chair Dwyer, Senator Burckhard, Senator Erbele, and Senator Sickler.

### **Discussion Topics:**

- Agricultural land property tax valuation
- Equity for rural areas in property tax
- Impact upon school districts

10:28 a.m. Senator Erbele testified in favor.

10:33 a.m. Matt Perdue, ND Farmers Union, testified in favor and submitted testimony #37875.

10:36 a.m. Julie Ellingson, Executive Vice President, ND Stockmen's Association, testified in favor.

10:39 a.m. Pete Hanebutt, Director of Public Policy, ND Farm Bureau, testified in favor.

10:42 a.m. Parrell Grossman, Legislative Director for ND Soybean Growers Association, testified in favor.

10:43 a.m. Leslie Icenogle, ND Corn Growers Association, testified in favor.

10:44 a.m. Brian Kroshus, ND Tax Commissioner, testified in favor.

10:45 a.m. Adam Tescher, School Finance Officer, ND Department of Public Education, testified neutrally.

10:50 a.m. Chairman Wanzek closed the hearing.

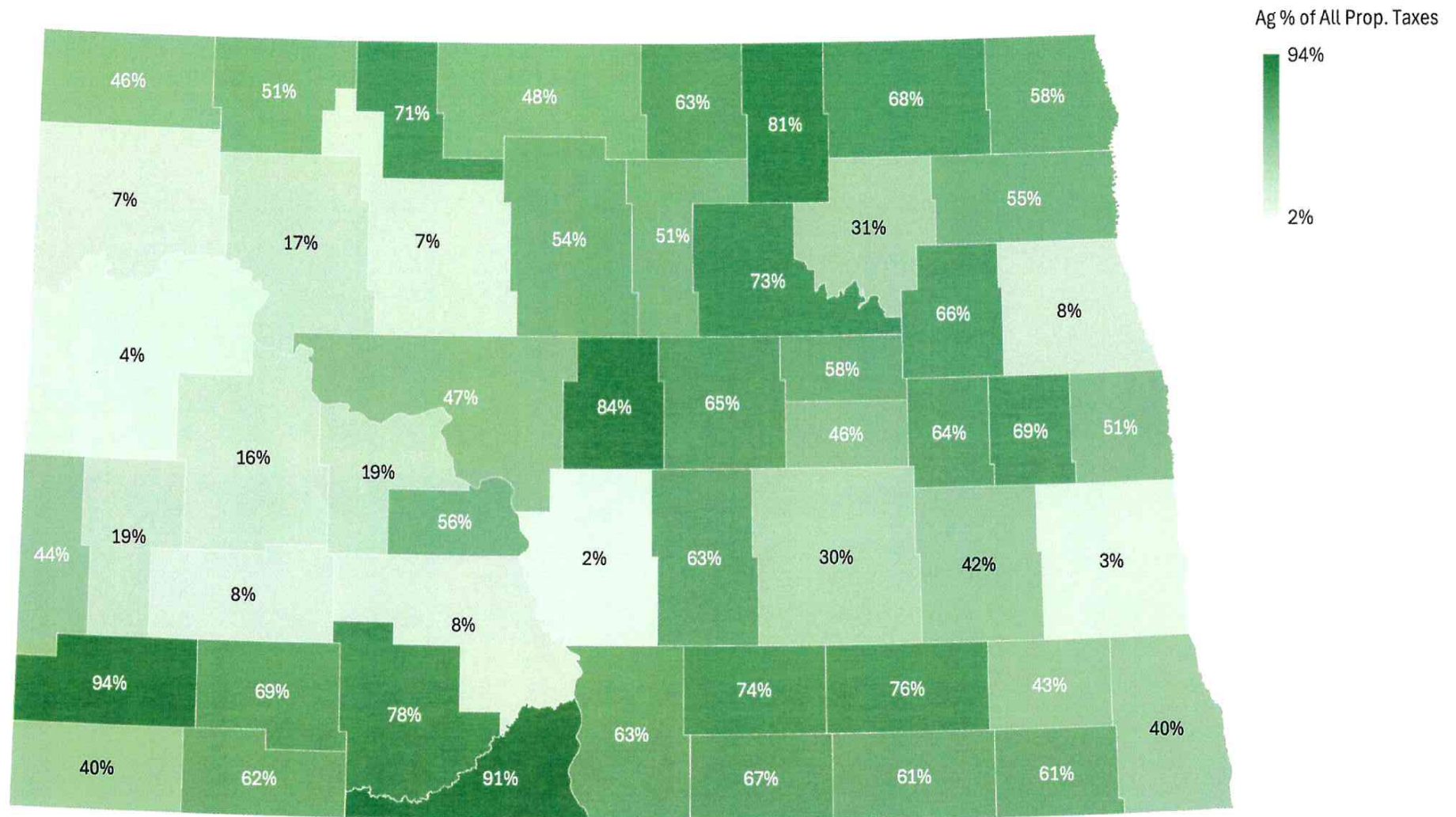
*Carol Thompson, Committee Clerk*



2/1/20  
SB 2363

#37875

## Agricultural Property Taxes as Percent of Total County Collections 2022



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# 2025 SENATE STANDING COMMITTEE MINUTES

## Appropriations - Government Operations Division Red River Room, State Capitol

SB 2363  
2/18/2025

Relating to the determination of state aid payments, state aid minimum local effort, the protection of taxpayers and taxing districts, voter approval of excess levies in school districts, school district levies, and contents of the property tax statement; and to provide an effective date.

4:50 p.m. Chairman Wanzek opened the hearing.

Members present: Chairman Wanzek, Vice-Chair Dwyer, Senator Burckhard, Senator Erbele, and Senator Sickler.

### Discussion Topics:

- Buy-down for agricultural land

4:51 p.m. Senator Erbele moved a Do Pass.

4:51 p.m. Senator Dwyer seconded the motion.

| Senators                   | Vote |
|----------------------------|------|
| Senator Terry M. Wanzek    | Y    |
| Senator Randy A. Burckhard | Y    |
| Senator Michael Dwyer      | Y    |
| Senator Robert Erbele      | Y    |
| Senator Jonathan Sickler   | N    |

Motion passed 4-1-0.

Senator Erbele will carry the bill.

4:53 p.m. Chairman Wanzek closed the hearing.

*Carol Thompson, Committee Clerk*



# 2025 SENATE STANDING COMMITTEE MINUTES

## Appropriations Committee Harvest Room, State Capitol

SB 2363  
2/19/2025

Relating to the determination of state aid payments, state aid minimum local effort, the protection of taxpayers and taxing districts, voter approval of excess levies in school districts, school district levies, and contents of the property tax statement; and to provide an effective date.

11:07 a.m. Chairman Bekkedahl opened the hearing.

Members Present: Chairman Bekkedahl, Vice-Chairman Erbele, and Senators Burckhard, Cleary, Conley, Davison, Dever, Dwyer, Magrum, Mathern, Meyer, Sickler, Sorvaag, Thomas, Wanzek.

Members Absent: Senator Schaible.

### Discussion Topics:

- Reducing Number of Mills
- Property Tax Relief
- Primary Residence
- Out of State Recipients Potential

11:08 a.m. Senator Erbele introduced the bill and submitted testimony #38072.

11:13 a.m. Senator Erbele moved a Do Pass.

11:14 a.m. Senator Wanzek seconded the motion.

11:17 a.m. Senator Davison moved amendment LC 25.01333.03001.

11:17 a.m. Senator Meyer seconded the motion.

| Senators                   | Vote |
|----------------------------|------|
| Senator Brad Bekkedahl     | Y    |
| Senator Robert Erbele      | N    |
| Senator Randy A. Burckhard | Y    |
| Senator Sean Cleary        | Y    |
| Senator Cole Conley        | N    |
| Senator Kyle Davison       | Y    |
| Senator Dick Dever         | Y    |
| Senator Michael Dwyer      | N    |
| Senator Jeffery J. Magrum  | N    |
| Senator Tim Mathern        | Y    |
| Senator Scott Meyer        | Y    |
| Senator Donald Schaible    | A    |
| Senator Jonathan Sickler   | Y    |



|                         |   |
|-------------------------|---|
| Senator Ronald Sorvaag  | N |
| Senator Paul J. Thomas  | N |
| Senator Terry M. Wanzek | N |

Motion Passed 8-7-1.

11:37 a.m. Senator Erbele withdrew his motion for Do Pass.

11:37 a.m. Senator Wanzek withdrew his second for Do Pass.

11:37 a.m. Senator Davison moved a Do Pass as Amended.

11:37 a.m. Senator Dever seconded the motion.

| <b>Senators</b>            | <b>Vote</b> |
|----------------------------|-------------|
| Senator Brad Bekkedahl     | N           |
| Senator Robert Erbele      | Y           |
| Senator Randy A. Burckhard | N           |
| Senator Sean Cleary        | N           |
| Senator Cole Conley        | N           |
| Senator Kyle Davison       | N           |
| Senator Dick Dever         | N           |
| Senator Michael Dwyer      | Y           |
| Senator Jeffery J. Magrum  | Y           |
| Senator Tim Mathern        | N           |
| Senator Scott Meyer        | N           |
| Senator Donald Schaible    | A           |
| Senator Jonathan Sickler   | N           |
| Senator Ronald Sorvaag     | Y           |
| Senator Paul J. Thomas     | Y           |
| Senator Terry M. Wanzek    | Y           |

Motion Failed 6-9-1.

11:42 a.m. Senator Davison moved a Do Not Pass as Amended.

11:42 a.m. Senator Cleary seconded the motion.

| <b>Senators</b>            | <b>Vote</b> |
|----------------------------|-------------|
| Senator Brad Bekkedahl     | Y           |
| Senator Robert Erbele      | N           |
| Senator Randy A. Burckhard | Y           |
| Senator Sean Cleary        | Y           |
| Senator Cole Conley        | N           |
| Senator Kyle Davison       | Y           |
| Senator Dick Dever         | Y           |
| Senator Michael Dwyer      | N           |



|                           |   |
|---------------------------|---|
| Senator Jeffery J. Magrum | N |
| Senator Tim Mathern       | N |
| Senator Scott Meyer       | Y |
| Senator Donald Schaible   | A |
| Senator Jonathan Sickler  | Y |
| Senator Ronald Sorvaag    | N |
| Senator Paul J. Thomas    | N |
| Senator Terry M. Wanzek   | N |

Motion Failed 7-8-1.

11:47 a.m. Senator Dwyer moved a Without Committee Recommendation as Amended.

11:47 a.m. Senator Cleary seconded the motion.

| <b>Senators</b>            | <b>Vote</b> |
|----------------------------|-------------|
| Senator Brad Bekkedahl     | Y           |
| Senator Robert Erbele      | Y           |
| Senator Randy A. Burckhard | Y           |
| Senator Sean Cleary        | Y           |
| Senator Cole Conley        | Y           |
| Senator Kyle Davison       | Y           |
| Senator Dick Dever         | Y           |
| Senator Michael Dwyer      | Y           |
| Senator Jeffery J. Magrum  | Y           |
| Senator Tim Mathern        | Y           |
| Senator Scott Meyer        | Y           |
| Senator Donald Schaible    | A           |
| Senator Jonathan Sickler   | Y           |
| Senator Ronald Sorvaag     | Y           |
| Senator Paul J. Thomas     | Y           |
| Senator Terry M. Wanzek    | Y           |

Motion Passed 15-0-1.

Senator Weber will carry the bill.

11:50 a.m. Chairman Bekkedahl closed the hearing.

*Elizabeth Reiten, Committee Clerk*



February 19, 2025

Sixty-ninth  
Legislative Assembly  
of North Dakota

**PROPOSED AMENDMENTS TO  
FIRST ENGROSSMENT**

**ENGROSSED SENATE BILL NO. 2363**

Introduced by

Senators Erbele, Klein, Myrdal

Representatives D. Anderson, Beltz, Nelson

1 A BILL for an Act to amend and reenact subsection 3 of section 15.1-27-02, sections  
2 15.1-27-04.1, 15.1-27-04.2, and 57-15-01.1, paragraph 3 of subdivision e of subsection 1 of  
3 section 57-15-14, section 57-15-14.2, and subdivision c of subsection 1 of section 57-20-07.1 of  
4 the North Dakota Century Code, relating to the determination of state aid payments, state aid  
5 minimum local effort, the protection of taxpayers and taxing districts, voter approval of excess  
6 levies in school districts, school district levies, and contents of the property tax statement; and  
7 to provide an effective date.

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

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

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

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

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1 of 18



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

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



~~2024-25 school year when sixty-eight percent of tuition received under an agreement to educate students from a school district on an air force base with funding received through federal impact aid must be excluded from the tuition calculation under this paragraph;~~

~~(4) Revenue from payments in lieu of taxes on the distribution and transmission of electric power;~~

~~(5) Revenue from payments in lieu of taxes on electricity generated from sources other than coal; and~~

~~(6) Revenue from the leasing of land acquired by the United States for which compensation is allocated to the state under 33 U.S.C. 701(e)(3);~~

~~d. An amount equal to the total revenue received by the school district during the 2017-18 school year for the following revenue types:~~

~~(1) Mobile home tax revenue;~~

~~(2) Telecommunications tax revenue; and~~

~~(3) Revenue from payments in lieu of taxes and state reimbursement of the homestead credit and disabled veterans credit; and~~

~~e. Beginning with the 2020-21 school year, the superintendent shall reduce the baseline funding for any school district that becomes an elementary district pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must be proportional to the number of weighted student units in the grades that are offered through another school district relative to the total number of weighted student units the school district offered in the year before the school district became an elementary district. The reduced baseline funding applies to the calculation of state aid for the first school year in which the school district becomes an elementary district and for each year thereafter. For districts that become an elementary district prior to the 2020-21 school year, the superintendent shall use the reduced baseline funding to calculate state aid for the 2020-21 school year and for each year thereafter.~~

~~2. a. The superintendent shall divide the district's baseline funding determined in subsection 1 by the district's 2017-18 weighted student units to determine the district's baseline funding per weighted student unit.~~



1           b. ~~For any school district that becomes an elementary district pursuant to section~~  
2           ~~15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the~~  
3           ~~district's baseline funding per weighted student unit used to calculate state aid.~~  
4           ~~The superintendent shall divide the district's baseline funding determined in~~  
5           ~~subsection 1 by the district's weighted student units after the school district~~  
6           ~~becomes an elementary district to determine the district's adjusted baseline~~  
7           ~~funding per weighted student unit. The superintendent shall use the district's~~  
8           ~~adjusted baseline funding per weighted student unit in the calculation of state aid~~  
9           ~~for the first school year in which the school district becomes an elementary~~  
10          ~~district and for each year thereafter.~~

11          e. ~~Beginning with the 2021-22 school year and for each school year thereafter, the~~  
12          ~~superintendent shall reduce the district's baseline funding per weighted student~~  
13          ~~unit. Each year the superintendent shall calculate the amount by which the~~  
14          ~~district's baseline funding per weighted student unit exceeds the payment per~~  
15          ~~weighted student unit provided in subsection 3. For the 2023-24 school year the~~  
16          ~~superintendent shall reduce the district's baseline funding per weighted student~~  
17          ~~unit by forty percent of the amount by which the district's baseline funding per~~  
18          ~~weighted student unit exceeds the payment per weighted student unit for the~~  
19          ~~2023-24 school year. For each year thereafter, the reduction percentage is~~  
20          ~~increased by an additional fifteen percent. However, the district's baseline funding~~  
21          ~~per weighted student unit, after the reduction, may not be less than the payment~~  
22          ~~per weighted student unit provided in subsection 3.~~

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

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

27               (2) ~~One hundred two percent of the district's baseline funding per weighted~~  
28               ~~student unit, as established in subsection 2, multiplied by the district's~~  
29               ~~weighted student units, not to exceed the district's 2017-18 baseline~~  
30               ~~weighted student units, plus any weighted student units in excess of the~~



1                   ~~2017-18 baseline weighted student units multiplied by ten thousand~~  
2                   ~~six hundred forty-six dollars; or~~

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

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

8           (1) ~~The district's weighted student units multiplied by eleven thousand~~  
9           ~~seventy-two dollars;~~

10          (2) ~~One hundred two percent of the district's baseline funding per weighted~~  
11          ~~student unit, as established in subsection 2, multiplied by the district's~~  
12          ~~weighted student units, not to exceed the district's 2017-18 baseline~~  
13          ~~weighted student units, plus any weighted student units in excess of the~~  
14          ~~2017-18 baseline weighted student units multiplied by eleven thousand~~  
15          ~~seventy-two dollars; or~~

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

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

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

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



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

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

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

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

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

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



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

- ~~a. The amount of revenue received by each school district in the county during the previous school year for each type of revenue identified in subdivisions c and d of subsection 1;~~
- ~~b. The total number of mills levied in the previous calendar year by each school district for all purposes; and~~
- ~~c. The number of mills levied in the previous calendar year by each school district for sinking and interest fund purposes.~~

**~~Baseline funding – Establishment – Determination of state aid. (Effective after June 30, 2025)~~**

1. To determine the amount of state aid payable to each district, the superintendent of public instruction shall establish each district's baseline funding. A district's baseline funding consists of:

- a. All state aid received by the district in accordance with chapter 15.1-27 during the 2018-19 school year;
- b. An amount equal to the property tax deducted by the superintendent of public instruction to determine the 2018-19 state aid payment;
- c. An amount equal to seventy-five percent of the revenue received by the school district during the 2017-18 school year for the following revenue types:
  - (1) Revenue reported under code 2000 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08;
  - (2) Mineral revenue received by the school district through direct allocation from the state treasurer and not reported under code 2000 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08;
  - (3) Tuition reported under code 1300 of the North Dakota school district financial accounting and reporting manual, as developed by the



superintendent of public instruction in accordance with section 15.1-02-08, with the exception of revenue received specifically for the operation of an educational program provided at a residential treatment facility, tuition received for the provision of an adult farm management program, and beginning in the 2025-26 school year, eighty-five percent of tuition received under an agreement to educate students from a school district on an air force base with funding received through federal impact aid, until the 2026-27 school year, and each school year thereafter, when all tuition received under an agreement to educate students from a school district on an air force base with funding received through federal impact aid must be excluded from the tuition calculation under this paragraph;

- (4) Revenue from payments in lieu of taxes on the distribution and transmission of electric power;
- (5) Revenue from payments in lieu of taxes on electricity generated from sources other than coal; and
- (6) Revenue from the leasing of land acquired by the United States for which compensation is allocated to the state under 33 U.S.C. 701(c)(3); and

d. An amount equal to the total revenue received by the school district during the 2017-18 school year for the following revenue types:

- (1) Mobile home tax revenue;
- (2) Telecommunications tax revenue; and
- (3) Revenue from payments in lieu of taxes and state reimbursement of the homestead credit and disabled veterans credit.

e. Beginning with the 2020-21 school year, the superintendent shall reduce the baseline funding for any school district that becomes an elementary district pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must be proportional to the number of weighted student units in the grades that are offered through another school district relative to the total number of weighted student units the school district offered in the year before the school district became an elementary district. The reduced baseline funding applies to the calculation of state aid for the first school year in which the school district



becomes an elementary district and for each year thereafter. For districts that become an elementary district prior to the 2020-21 school year, the superintendent shall use the reduced baseline funding to calculate state aid for the 2020-21 school year and for each year thereafter.

2. a. The superintendent shall divide the district's baseline funding determined in subsection 1 by the district's 2017-18 weighted student units to determine the district's baseline funding per weighted student unit.
- b. For any school district that becomes an elementary district pursuant to section 15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the district's baseline funding per weighted student unit used to calculate state aid. The superintendent shall divide the district's baseline funding determined in subsection 1 by the district's weighted student units after the school district becomes an elementary district to determine the district's adjusted baseline funding per weighted student unit. The superintendent shall use the district's adjusted baseline funding per weighted student unit in the calculation of state aid for the first school year in which the school district becomes an elementary district and for each year thereafter.
- c. Beginning with the 2021-22 school year and for each school year thereafter, the superintendent shall reduce the district's baseline funding per weighted student unit. Each year the superintendent shall calculate the amount by which the district's baseline funding per weighted student unit exceeds the payment per weighted student unit provided in subsection 3. For the 2023-24 school year the superintendent shall reduce the district's baseline funding per weighted student unit by forty percent of the amount by which the district's baseline funding per weighted student unit exceeds the payment per weighted student unit for the 2023-24 school year. For each year thereafter, the reduction percentage is increased by an additional fifteen percent. However, the district's baseline funding per weighted student unit, after the reduction, may not be less than the payment per weighted student unit provided in subsection 3.

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

- 1 (1) The district's weighted student units multiplied by ten thousand six hundred
- 2 forty-six dollars;
- 3 (2) One hundred two percent of the district's baseline funding per weighted
- 4 student unit, as established in subsection 2, multiplied by the district's
- 5 weighted student units, not to exceed the district's 2017-18 baseline
- 6 weighted student units, plus any weighted student units in excess of the
- 7 2017-18 baseline weighted student units multiplied by ten thousand
- 8 six hundred forty-six dollars; or
- 9 (3) The district's baseline funding as established in subsection 1 less the
- 10 amount in paragraph 1, with the difference reduced by forty percent and
- 11 then the difference added to the amount determined in paragraph 1.
- 12 b. For the 2024-25 school year and each school year thereafter, the superintendent
- 13 shall calculate state aid as the greater of:
- 14 (1) The district's weighted student units multiplied by eleven thousand
- 15 seventy-two dollars;
- 16 (2) One hundred two percent of the district's baseline funding per weighted
- 17 student unit, as established in subsection 2, multiplied by the district's
- 18 weighted student units, not to exceed the district's 2017-18 baseline
- 19 weighted student units, plus any weighted student units in excess of the
- 20 2017-18 baseline weighted student units multiplied by eleven thousand
- 21 seventy-two dollars; or
- 22 (3) The district's baseline funding as established in subsection 1 less the
- 23 amount in paragraph 1, with the difference reduced by fifty-five percent for
- 24 the 2024-25 school year and the reduction percentage increasing by fifteen
- 25 percent each school year thereafter until the difference is reduced to zero,
- 26 and then the difference added to the amount determined in paragraph 1.
- 27 4. After determining the product in accordance with subsection 3, the superintendent of
- 28 public instruction shall:
- 29 a. Subtract an amount equal to ~~sixty~~ the sum of:
- 30 (1) ~~Thirty~~ Forty-five mills multiplied by the taxable valuation of agricultural
- 31 property in the school district; and



(2) Sixty mills multiplied by the taxable valuation of residential, commercial, and centrally assessed property in the school district.

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

(1) Tuition revenue shall be adjusted as follows:

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

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

(2) After adjusting tuition revenue as provided in paragraph 1, the superintendent shall reduce all remaining revenues from all revenue types by the percentage of mills levied in ~~2022~~2024 by the school district for sinking and interest relative to the total mills levied in ~~2022~~2024 by the school district for all purposes.

- 1       5.    The amount remaining after the computation required under subsection 4 is the
- 2           amount of state aid to which a school district is entitled, subject to any other statutory
- 3           requirements or limitations.
- 4       6.    On or before June thirtieth of each year, the school board shall certify to the
- 5           superintendent of public instruction the final average daily membership for the current
- 6           school year.
- 7       7.    For purposes of the calculation in subsection 4, each county auditor, in collaboration
- 8           with the school districts, shall report the following to the superintendent of public
- 9           instruction on an annual basis:
- 10       a.    The amount of revenue received by each school district in the county during the
- 11           previous school year for each type of revenue identified in subdivisions c and d of
- 12           subsection 1;
- 13       b.    The total number of mills levied in the previous calendar year by each school
- 14           district for all purposes, separated by property classification; and
- 15       c.    The number of mills levied in the previous calendar year by each school district
- 16           for sinking and interest fund purposes, separated by property classification.

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

19       **15.1-27-04.2. State aid - Minimum local effort - Determination.**

20       If a district's taxable valuation per student is less than twenty percent of the state average  
21 valuation per student, the superintendent of public instruction, for purposes of determining state  
22 aid in accordance with subsection 4 of section 15.1-27-04.1, shall ~~utilize an amount equal to~~  
23 ~~sixty~~ deduct the sum of the following:

- 24       1.    ~~Thirty~~ **Forty-five** mills times twenty percent of the state average valuation of agricultural  
25           property per student multiplied by the number of weighted student units in the district;  
26           and
- 27       2.    Sixty mills times twenty percent of the state average valuation of residential,  
28           commercial, and centrally assessed property per student multiplied by the number of  
29           weighted student units in the district.

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



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

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

1. No taxing district may levy more taxes expressed in dollars than the amounts allowed by this section.
2. For purposes of this section:
  - a. "Base year" means the taxing district's taxable year with the highest amount levied in dollars in property taxes of the three taxable years immediately preceding the budget year;
  - b. "Budget year" means the taxing district's year for which the levy is being determined under this section;
  - c. "Calculated mill rate" means the mill rate that results from dividing the base year taxes levied by the sum of the taxable value of the taxable property in the base year plus the taxable value of the property exempt by local discretion or charitable status, calculated in the same manner as the taxable property; and
  - d. "Property exempt by local discretion or charitable status" means property exempted from taxation as new or expanding businesses under chapter 40-57.1; improvements to property under chapter 57-02.2; or buildings belonging to institutions of public charity, new single-family residential or townhouse or condominium property, property used for early childhood services, or pollution abatement improvements under section 57-02-08.
3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:
  - a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.

- 1           b. Increased by an amount equal to the sum determined by the application of the
- 2           base year's calculated mill rate for that taxing district to the final budget year
- 3           taxable valuation of any taxable property or property exempt by local discretion or
- 4           charitable status which was not included in the taxing district for the base year
- 5           but which is included in the taxing district for the budget year.
- 6           c. Reduced to reflect expired temporary mill levy increases authorized by the
- 7           electors of the taxing district. For purposes of this subdivision, an expired
- 8           temporary mill levy increase does not include a school district general fund mill
- 9           rate exceeding one hundred ten mills which has expired or has not received
- 10          approval of electors for an extension under subsection 2 of section 57-64-03.
- 11          d. Reduced by the amount of state aid under chapter 15.1-27, which is determined
- 12          by multiplying the budget year taxable valuation of the school district by the
- 13          lesser of the base year mill rate of the school district minus sixty mills for
- 14          residential, commercial, and centrally assessed property and ~~thirty~~forty-five mills
- 15          for agricultural property, or ~~fifty~~sixty mills for all property classifications, if the base
- 16          year is a taxable year before ~~2013~~2025.
- 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 the school district's local
- 30      contribution to the costs of education and general fund purposes under section
- 31      57-15-14 or, if the levy in the base year included separate general fund and special



fund levies under sections 57-15-14 and 57-15-14.2, the school district may apply subsection 3 to the total amount levied in dollars in the base year for ~~both the school district's local contribution to the costs of education,~~ general fund, and special fund accounts. School district levies under any section other than section 57-15-14 may be made within applicable limitations but those levies are not subject to subsection 3.

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

**SECTION 5. AMENDMENT.** Paragraph 3 of subdivision e of subsection 1 of section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

- (3) The authority for a levy of up to a specific number of mills, placed on the ballot in a school district election for electoral approval of increased levy authority under subdivision a or b, after June 30, ~~2013~~2025, must be stated as a specific number of mills of general fund levy authority and must include a statement that the statutory school district general fund levy limitation is seventy mills on the dollar of the taxable valuation of residential, commercial, and centrally assessed property in the school district and ~~forty~~fifty-five mills on the dollar of the taxable valuation of agricultural property in the school district.

**SECTION 6. AMENDMENT.** Section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

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

1. a. The board of a school district may levy a tax ~~not exceeding~~for the school district's local contribution to the costs of education which may not exceed the amount in dollars that ~~the school district levied for the prior year, plus twelve percent, up to~~would be generated by a levy of seventy:
  - (1) ~~Thirty~~Forty-five mills on the taxable valuation of agricultural property in the district, ~~for any purpose related to the provision of educational services.~~
  - (2) Sixty mills on the taxable valuation of residential, commercial, and centrally assessed property in the district.

1           **b.**   The proceeds of this levy must be deposited into the school district's general fund  
2                   and may be used in accordance with this subsection for any purposes related to  
3                   the provision of educational services. The proceeds may not be transferred into  
4                   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



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

**SECTION 7. AMENDMENT.** Subdivision c of subsection 1 of section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

- c. Provide information identifying the property tax savings provided by the state of North Dakota. The tax statement must include a line item that is entitled "legislative tax relief" and identifies the dollar amount of property tax savings realized by the taxpayer under chapter 50-34 for taxable years before 2019, chapter 50-35 for taxable years after 2018, and chapter 15.1-27.

- (1) For purposes of this subdivision, legislative tax relief under chapter 15.1-27 is determined ~~by multiplying as follows:~~

- (a) ~~For agricultural property, the taxable value for the taxable year for each parcel shown on the tax statement multiplied by the number lesser of one hundred ~~fifty-five~~ forty mills or the sum of the mill levy reduction grant under chapter 57-64 for the 2012 taxable year plus and the number of mills determined by subtracting from the 2012 taxable year mill rate of the school district in which the parcel is located the lesser of:~~

- ~~(a) Fifty mills; or excluding ~~thirty~~ forty-five mills.~~

- (b) ~~The~~ For residential, commercial, and centrally assessed property, the taxable value for the taxable year for each parcel shown on the tax statement multiplied by the lesser of one hundred twenty-five mills or the sum of the mill levy reduction grant under chapter 57-64 for the 2012 taxable year and the 2012 taxable year mill rate of the school district minus ~~excluding~~ sixty mills.

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

- 1       **SECTION 8. EFFECTIVE DATE.** Sections 4, 5, and 6 of this Act are effective for taxable  
2   years beginning after December 31, 2024.



**REPORT OF STANDING COMMITTEE  
ENGROSSED SB 2363**

**Appropriations Committee (Sen. Bekkedahl, Chairman)** recommends **AMENDMENTS** ([25.1333.03001](#)) and when so amended, recommends the measure **BE PLACED ON THE CALENDAR WITHOUT RECOMMENDATION** (15 YEAS, 0 NAYS, 1 ABSENT OR EXCUSED AND NOT VOTING). SB 2363 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

# Agricultural Property Taxes as Percent of Total County Collections 2022

