

Introduced by

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

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

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

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

- 13 1. In any school district having a total population in excess of four thousand according
14 to the last federal decennial census there may be levied any specific number of
15 mills that upon resolution of the school board has been submitted to and approved
16 by a majority of the qualified electors voting upon the question at any regular or
17 special school district election.
- 18 2. In any school district having a total population of fewer than four thousand, there
19 may be levied any specific number of mills that upon resolution of the school board
20 has been approved by fifty-five percent of the qualified electors voting upon the
21 question at any regular or special school election.
- 22 3. After June 30, 2009, in any school district election for approval by electors of
23 increased levy authority under subsection 1 or 2, the ballot must specify the
24 number of mills proposed for approval, and the number of taxable years for which

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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