

Sixty-third
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1319

Introduced by

Representatives Monson, Heilman, Nathe, Rust, Sanford, Schatz, Williams

Senators Cook, Flakoll, Holmberg, Heckaman, O'Connell

1 A BILL for an Act to create and enact sections 15.1-27-04.1, 15.1-27-04.2, and 15.1-27-45 of
2 the North Dakota Century Code, relating to determination of state aid payable to school
3 districts; to amend and reenact sections 15-39.1-28, 15.1-09-33, 15.1-09-39, 15.1-09-40,
4 15.1-09-47, 15.1-09-48, 15.1-09-49, 15.1-22-01, 15.1-27-03.1, 15.1-27-03.2, 15.1-27-17,
5 15.1-27-35, 15.1-27-39, 15.1-29-15, 15.1-30-04, 15.1-36-02, 40-55-08, 40-55-09, 57-15-01.1,
6 57-15-14, 57-15-14.2, 57-15-14.5, 57-15-17, 57-15-17.1, 57-15-31, 57-19-01, 57-19-02, and
7 57-19-09 of the North Dakota Century Code, relating to the determination of state aid payable to
8 school districts; to repeal sections 15.1-27-04, 15.1-27-07.1, 15.1-27-11, 15.1-27-22.1,
9 15.1-27-42, 15.1-27-43, 15.1-27-44, 15.1-32-20, 57-15-14.4, 57-19-04, 57-19-10, and chapter
10 57-64 of the North Dakota Century Code, relating to the determination of state aid payable to
11 school districts, school district levy authority, and the mill levy reduction grant program; and to
12 provide for a legislative management study.

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

14 **SECTION 1. AMENDMENT.** Section 15-39.1-28 of the North Dakota Century Code is
15 amended and reenacted as follows:

16 **15-39.1-28. Tax levy for teachers' retirement.**

17 Any school district by a resolution of its school board may ~~levy a tax pursuant to~~
18 ~~subdivision b of subsection 1 of~~ use the proceeds of levies, as permitted by section 57-15-14.2,
19 ~~the proceeds to be used~~ for the purposes of meeting the district's contribution to the fund arising
20 under this chapter and to provide the district's share, if any, of contribution to the fund for
21 contracted employees of either a multidistrict special education board or another school district
22 where the contracted employees are also providing services to the taxing school district.

23 **SECTION 2. AMENDMENT.** Section 15.1-09-33 of the North Dakota Century Code is
24 amended and reenacted as follows:

1 **15.1-09-33. School board - Powers.**

2 The board of a school district may:

- 3 1. Establish a system of free public schools for all children of legal school age residing
4 within the district.
- 5 2. Organize, establish, operate, and maintain elementary, middle, and high schools.
- 6 3. Have custody and control of all school district property and, in the case of the board of
7 education of the city of Fargo, have custody and control of all public school property
8 within the boundaries of the Fargo public school district and to manage and control all
9 school matters.
- 10 4. Acquire real property and construct school buildings and other facilities.
- 11 5. Relocate or discontinue schools and liquidate the assets of the district as required by
12 law; provided no site may be acquired or building constructed, or no school may be
13 organized, established, operated, maintained, discontinued, or changed in location
14 without the approval of the state board of public school education if outside the
15 boundary of the district.
- 16 6. Purchase, sell, exchange, and improve real property.
- 17 7. Lease real property for a maximum of one year except in the case of a career and
18 technical education facility constructed in whole or in part with financing acquired
19 under chapter 40-57, which may be leased for up to twenty years.
- 20 8. Subject to chapter 32-15, exercise the power of eminent domain to acquire real
21 property for school purposes.
- 22 9. Purchase, sell, exchange, improve, and lease for up to one year equipment, furniture,
23 supplies, and textbooks.
- 24 10. Recruit or contract with others to recruit homes and facilities which provide boarding
25 care for special education students.
- 26 11. Provide dormitories for the boarding care of special education students.
- 27 12. Insure school district property.
- 28 13. Independently or jointly with other school districts, purchase telecommunications
29 equipment or lease a telecommunications system or network.
- 30 14. Provide for the education of students by another school district.
- 31 15. Contract with federal officials for the education of students in a federal school.

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- 1 16. Prescribe courses of study in addition to those prescribed by the superintendent of
- 2 public instruction or by law.
- 3 17. Adopt rules regarding the instruction of students, including their admission, transfer,
- 4 organization, grading, and government.
- 5 18. Join the North Dakota high school activities association and pay membership fees.
- 6 19. Adopt alternative curricula for high school seniors who require fewer than four
- 7 academic units.
- 8 20. Contract with, employ, and compensate school district personnel.
- 9 21. Contract with and provide reimbursement for the provision of teaching services by an
- 10 individual certified as an instructor in the areas of North Dakota American Indian
- 11 languages and culture by the education standards and practices board.
- 12 22. Suspend school district personnel.
- 13 23. Dismiss school district personnel.
- 14 24. Participate in group insurance plans and pay all or part of the insurance premiums.
- 15 25. Contract for the services of a district superintendent, provided that the contract, which
- 16 may be renewed, does not exceed a period of three years.
- 17 26. Contract for the services of a principal.
- 18 27. Employ an individual to serve as the school district business manager or contract with
- 19 any person to perform the duties assigned to a school district business manager by
- 20 law.
- 21 28. Suspend or dismiss a school district business manager for cause without prior notice.
- 22 29. Suspend or dismiss a school district business manager without cause with thirty days'
- 23 written notice.
- 24 30. Defray the necessary and contingent expenses of the board.
- 25 31. Levy a tax upon property in the district for school purposes, as permitted in
- 26 accordance with chapter 57-15.
- 27 32. Amend and certify budgets and tax levies, as provided in title 57.
- 28 33. Pay dues allowing for the board to hold membership in city, county, state, and national
- 29 organizations and associations.
- 30 34. Designate, at its annual meeting, a newspaper of general circulation as the official
- 31 newspaper of the district.

1 **SECTION 3. AMENDMENT.** Section 15.1-09-39 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **15.1-09-39. Districts in bordering states - Contract.**

- 4 1. Notwithstanding any other provision of law, the board of a school district in this state
5 may contract with the board of a school district in another state for the joint operation
6 and maintenance of school facilities and for joint activities, if the districts are
7 contiguous. To be valid, the contract must be approved by the superintendent of public
8 instruction and by a majority of the qualified electors residing in the district.
- 9 2. In assessing the contract, the superintendent shall consider the district's enrollment,
10 its valuation, and its longevity.
- 11 3. If the superintendent approves the contract, the board shall submit the contract to the
12 electorate of the district, for approval, at an annual or a special election.
- 13 4. The board shall publish notice of the election in the official newspaper of the district at
14 least fourteen days before the election. The notice must include a statement regarding
15 the purpose of the election and the terms of the contract.
- 16 5. On the ballot, the board shall seek the voters' permission to execute the proposed
17 contract, as approved by the superintendent of public instruction.
- 18 6. If the voters approve the execution of the contract, the board may levy and collect
19 taxes, as permitted in accordance with chapter 57-15, to carry out the contract
20 pursuant to law.
- 21 7. If a district that is a party to a contract under this section dissolves, any district to
22 which the land of the dissolved district is attached shall assume the contractual
23 responsibilities.

24 **SECTION 4. AMENDMENT.** Section 15.1-09-40 of the North Dakota Century Code is
25 amended and reenacted as follows:

26 **15.1-09-40. Sharing of levied taxes - Contract.**

27 The boards of two or more school districts may contract to share levied taxes in all or a
28 portion of their respective districts. The rate of taxes to be levied on any property in the joint
29 taxing area or district is the rate of tax provided for in the contract, not exceeding any levy
30 limitations ~~applicable to the property under chapter 57-15~~. The auditor of each county in which
31 all or a portion of a contracting district is located shall fix and levy taxes on that portion of the

1 property which is described in the contract and is located in the county at the rate set by the
2 contract.

3 **SECTION 5. AMENDMENT.** Section 15.1-09-47 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **15.1-09-47. Board of education of city of Fargo - Taxing authority.**

6 4. The board of education of the city of Fargo may levy taxes, ~~as necessary for any of the~~
7 ~~following purposes:~~

8 a. ~~To purchase, exchange, lease, or improve sites for schools.~~

9 b. ~~To build, purchase, lease, enlarge, alter, improve, and repair schools and their~~
10 ~~appurtenances.~~

11 c. ~~To procure, exchange, improve, and repair school apparatus, books, furniture, and~~
12 ~~appendages, but not the furnishing of textbooks to any student whose parent is~~
13 ~~unable to furnish the same.~~

14 d. ~~To provide fuel.~~

15 e. ~~To defray the contingent expenses of the board, including the compensation of~~
16 ~~employees.~~

17 f. ~~To pay teacher salaries after the application of public moneys, which may by law~~
18 ~~be appropriated and provided for that purpose.~~

19 2. ~~The question of authorizing or discontinuing the unlimited taxing authority of the board~~
20 ~~of education of the city of Fargo must be submitted to the qualified electors of the~~
21 ~~Fargo school district at the next regular election upon resolution of the board of~~
22 ~~education or upon filing with the board a petition containing the signatures of qualified~~
23 ~~electors of the district equal in number to twenty percent of the individuals enumerated~~
24 ~~in the most recent school district census. However, if the electors approve a~~
25 ~~discontinuation of the unlimited taxing authority, their approval of the discontinuation~~
26 ~~may not affect the tax levy effective for the calendar year in which the election is held.~~
27 ~~In addition, the minimum levy may not be less than the levy that was in force at the~~
28 ~~time of the election. The board may increase its levy in accordance with section~~
29 ~~57-15-01. If the district experiences growing enrollment, the board may increase the~~
30 ~~levy by an amount equal to the amount levied the preceding year per student times the~~

1 ~~number of additional students enrolled during the new year within the requirements or~~
2 ~~limitations of this title and title 57.~~

3 **SECTION 6. AMENDMENT.** Section 15.1-09-48 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **15.1-09-48. Board of education of city of Fargo - Tax collection.**

6 The board of education of the city of Fargo ~~has the power to~~may levy taxes within the
7 boundaries of the Fargo public school district and ~~to cause such~~the taxes to be collected in the
8 same manner as other city taxes, ~~provided the taxes meet the requirements or limitations of this~~
9 ~~title and title 57.~~ The ~~business manager of the~~ board of education shall ~~cause~~certify the rate for
10 each purpose ~~to be certified by the business manager~~ to the city auditor in time to be added to
11 the annual tax list of the city. ~~It is the duty of the~~The city auditor ~~to~~shall calculate and extend
12 upon the annual assessment roll and tax list any tax levied by the board of education. The tax
13 must be collected ~~in the same manner as other city taxes are collected.~~ If the city council fails to
14 levy any tax for city purposes or fails to cause an assessment roll or tax list to be made, the
15 board of education may ~~cause~~make an assessment roll and tax list ~~to be made~~ and submit the
16 roll to the city auditor with a warrant for the collection of the tax. The board of education may
17 cause the tax to be collected in the same manner as other city taxes are collected or as
18 otherwise provided by resolution of the board.

19 **SECTION 7. AMENDMENT.** Section 15.1-09-49 of the North Dakota Century Code is
20 amended and reenacted as follows:

21 **15.1-09-49. Board of education of city of Fargo - Taxes for buildings.**

22 The amount to be raised for teacher salaries and contingent expenses must be such only
23 as together with the public money coming to the city from any source is sufficient to establish
24 and maintain efficient and proper schools for students in the city. The tax for purchasing,
25 leasing, or improving sites and the building, purchasing, leasing, enlarging, altering, and
26 repairing of schools may not exceed in any one year fifteen mills on the ~~dollar valuation of the~~
27 ~~taxable~~ valuation of property of the city in the school district. The board of education may borrow,
28 and when necessary shall borrow, in anticipation of the ~~amount of the~~ taxes to be raised, levied,
29 and collected.

30 **SECTION 8. AMENDMENT.** Section 15.1-22-01 of the North Dakota Century Code is
31 amended and reenacted as follows:

1 **15.1-22-01. Kindergarten - Establishment by board - Request by parent –Levy.**

2 4. The board of a school district shall either provide at least a half-day kindergarten
3 program for any student enrolled in the district or pay the tuition required for the
4 student to attend a kindergarten program in another school district.

5 ~~2. The board of a school district that establishes a kindergarten under this section may
6 levy a tax pursuant to subdivision p of subsection 1 of section 57-15-14.2.~~

7 **SECTION 9. AMENDMENT.** Section 15.1-27-03.1 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **15.1-27-03.1. (Effective through June 30, 2013, and after June 30, 2015) Weighted
10 average daily membership - Determination.**

11 1. For each school district, the superintendent of public instruction shall multiply by:

12 a. 1.00 the number of full-time equivalent students enrolled in a migrant summer
13 program;

14 b. 1.00 the number of full-time equivalent students enrolled in an extended
15 educational program in accordance with section 15.1-32-17;

16 c. 0.60 the number of full-time equivalent students enrolled in a summer education
17 program;

18 d. 0.50 the number of full-time equivalent students enrolled in a home-based
19 education program and monitored by the school district under chapter 15.1-23;

20 e. 0.30 the number of full-time equivalent students who:

21 (1) On a test of English language proficiency approved by the superintendent of
22 public instruction are determined to be least proficient and placed in the first
23 of six categories of proficiency; and

24 (2) Are enrolled in a program of instruction for English language learners;

25 f. 0.25 the number of full-time equivalent students enrolled in an alternative high
26 school;

27 g. 0.20 the number of full-time equivalent students attending school in a bordering
28 state in accordance with section 15.1-29-01;

29 h. 0.20 the number of full-time equivalent students who:

30 (1) On a test of English language proficiency approved by the superintendent of
31 public instruction are determined to be more proficient than students placed

- 1 in the first of six categories of proficiency and therefore placed in the second
2 of six categories of proficiency; and
- 3 (2) Are enrolled in a program of instruction for English language learners;
- 4 i. 0.17 the number of full-time equivalent students enrolled in an early childhood
5 special education program;
- 6 j. 0.10 the number of students enrolled in average daily membership, if the district
7 has fewer than one hundred twenty-five students enrolled in average daily
8 membership and the district consists of an area greater than two hundred
9 seventy-five square miles [19424.9 hectares], provided that any school district
10 consisting of an area greater than six hundred square miles [155399 hectares]
11 and enrolling fewer than fifty students in average daily membership must be
12 deemed to have an enrollment equal to fifty students in average daily
13 membership;
- 14 k. ~~0.0790~~0.082 the number of students enrolled in average daily membership, in
15 order to support the provision of special education services;
- 16 l. 0.07 the number of full-time equivalent students who:
- 17 (1) On a test of English language proficiency approved by the superintendent of
18 public instruction are determined to be more proficient than students placed
19 in the second of six categories of proficiency and therefore placed in the
20 third of six categories of proficiency;
- 21 (2) Are enrolled in a program of instruction for English language learners; and
- 22 (3) Have not been in the third of six categories of proficiency for more than
23 three years;
- 24 m. 0.025 the number of students representing that percentage of the total number of
25 students in average daily membership which is equivalent to the three-year
26 average percentage of students in grades three through eight who are eligible for
27 free or reduced lunches under the Richard B. Russell National School Lunch Act
28 [42 U.S.C. 1751 et seq.];
- 29 n. ~~0.0060~~0.003 the number of students enrolled in average daily membership in each
30 public school in the district that:
- 31 (1) Has acquired and is utilizing the PowerSchool student information system;

- 1 (2) Has acquired and is in the process of implementing the PowerSchool
2 student information system; or
3 (3) Will acquire the PowerSchool student information system during the current
4 school year, provided the acquisition is contractually demonstrated; and
5 o. ~~0.00~~40.002 the number of students enrolled in average daily membership in a
6 school district that is a participating member of a regional education association
7 meeting the requirements of chapter 15.1-09.1.
8 2. The superintendent of public instruction shall determine each school district's weighted
9 average daily membership by adding the products derived under subsection 1 to the
10 district's average daily membership.

11 **(Effective July 1, 2013, through June 30, 2015) Weighted average daily membership -**
12 **Determination.**

- 13 1. For each school district, the superintendent of public instruction shall multiply by:
14 a. 1.00 the number of full-time equivalent students enrolled in a migrant summer
15 program;
16 b. 1.00 the number of full-time equivalent students enrolled in an extended
17 educational program in accordance with section 15.1-32-17;
18 c. 0.60 the number of full-time equivalent students enrolled in a summer education
19 program;
20 d. 0.50 the number of full-time equivalent students enrolled in a home-based
21 education program and monitored by the school district under chapter 15.1-23;
22 e. 0.30 the number of full-time equivalent students who:
23 (1) On a test of English language proficiency approved by the superintendent of
24 public instruction are determined to be least proficient and placed in the first
25 of six categories of proficiency; and
26 (2) Are enrolled in a program of instruction for English language learners;
27 f. 0.25 the number of full-time equivalent students enrolled in an alternative high
28 school;
29 g. 0.20 the number of full-time equivalent students attending school in a bordering
30 state in accordance with section 15.1-29-01;
31 h. 0.20 the number of full-time equivalent students who:

- 1 (1) On a test of English language proficiency approved by the superintendent of
2 public instruction are determined to be more proficient than students placed
3 in the first of six categories of proficiency and therefore placed in the second
4 of six categories of proficiency; and
- 5 (2) Are enrolled in a program of instruction for English language learners;
- 6 i. 0.17 the number of full-time equivalent students enrolled in an early childhood
7 special education program;
- 8 j. 0.15 the number of full-time equivalent students in grades six through eight
9 enrolled in an alternative education program for at least an average of fifteen
10 hours per week;
- 11 k. 0.10 the number of students enrolled in average daily membership, if the district
12 has fewer than one hundred twenty-five students enrolled in average daily
13 membership and the district consists of an area greater than two hundred
14 seventy-five square miles [19424.9 hectares], provided that any school district
15 consisting of an area greater than six hundred square miles [155399 hectares]
16 and enrolling fewer than fifty students in average daily membership must be
17 deemed to have an enrollment equal to fifty students in average daily
18 membership;
- 19 l. ~~0.0790.082~~ the number of students enrolled in average daily membership, in
20 order to support the provision of special education services;
- 21 m. 0.07 the number of full-time equivalent students who:
- 22 (1) On a test of English language proficiency approved by the superintendent of
23 public instruction are determined to be more proficient than students placed
24 in the second of six categories of proficiency and therefore placed in the
25 third of six categories of proficiency;
- 26 (2) Are enrolled in a program of instruction for English language learners; and
- 27 (3) Have not been in the third of six categories of proficiency for more than
28 three years;
- 29 n. 0.025 the number of students representing that percentage of the total number of
30 students in average daily membership which is equivalent to the three-year
31 average percentage of students in grades three through eight who are eligible for

- 1 free or reduced lunches under the Richard B. Russell National School Lunch Act
2 [42 U.S.C. 1751 et seq.];
- 3 o. ~~0-0060.003~~ 0-0040.003 the number of students enrolled in average daily membership in each
4 public school in the district that:
- 5 (1) Has acquired and is utilizing the PowerSchool student information system;
6 (2) Has acquired and is in the process of implementing the PowerSchool
7 student information system; or
8 (3) Will acquire the PowerSchool student information system during the current
9 school year, provided the acquisition is contractually demonstrated; and
- 10 p. ~~0-0040.002~~ the number of students enrolled in average daily membership in a
11 school district that is a participating member of a regional education association
12 meeting the requirements of chapter 15.1-09.1.
- 13 2. The superintendent of public instruction shall determine each school district's weighted
14 average daily membership by adding the products derived under subsection 1 to the
15 district's average daily membership.

16 **SECTION 10. AMENDMENT.** Section 15.1-27-03.2 of the North Dakota Century Code is
17 amended and reenacted as follows:

18 **15.1-27-03.2. School district size weighting factor - Weighted student units.**

- 19 1. For each high school district in the state, the superintendent of public instruction shall
20 assign a school district size weighting factor of:
- 21 a. ~~4.25~~ 1.35 if the students in average daily membership number fewer than ~~485~~ 125;
22 b. 1.34 if the students in average daily membership number at least 125 but fewer
23 than 130;
24 c. 1.33 if the students in average daily membership number at least 130 but fewer
25 than 135;
26 d. 1.32 if the students in average daily membership number at least 135 but fewer
27 than 140;
28 e. 1.31 if the students in average daily membership number at least 140 but fewer
29 than 145;
30 f. 1.30 if the students in average daily membership number at least 145 but fewer
31 than 150;

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- 1 g. 1.29 if the students in average daily membership number at least 150 but fewer
2 than 155;
- 3 h. 1.28 if the students in average daily membership number at least 155 but fewer
4 than 160;
- 5 i. 1.27 if the students in average daily membership number at least 160 but fewer
6 than 165;
- 7 j. 1.26 if the students in average daily membership number at least 165 but fewer
8 than 175;
- 9 k. 1.25 if the students in average daily membership number at least 175 but fewer
10 than 185;
- 11 ~~b-l.~~ 1.24 if the students in average daily membership number at least 185 but fewer
12 than 200;
- 13 ~~e-m.~~ 1.23 if the students in average daily membership number at least 200 but fewer
14 than 215;
- 15 ~~d-n.~~ 1.22 if the students in average daily membership number at least 215 but fewer
16 than 230;
- 17 ~~e-o.~~ 1.21 if the students in average daily membership number at least 230 but fewer
18 than 245;
- 19 ~~f-p.~~ 1.20 if the students in average daily membership number at least 245 but fewer
20 than 260;
- 21 ~~g-q.~~ 1.19 if the students in average daily membership number at least 260 but fewer
22 than 270;
- 23 ~~h-r.~~ 1.18 if the students in average daily membership number at least 270 but fewer
24 than 275;
- 25 ~~i-s.~~ 1.17 if the students in average daily membership number at least 275 but fewer
26 than 280;
- 27 ~~j-t.~~ 1.16 if the students in average daily membership number at least 280 but fewer
28 than 285;
- 29 ~~k-u.~~ 1.15 if the students in average daily membership number at least 285 but fewer
30 than 290;

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- 1 t.v. 1.14 if the students in average daily membership number at least 290 but fewer
2 than 295;
- 3 m.w. 1.13 if the students in average daily membership number at least 295 but fewer
4 than 300;
- 5 n.x. 1.12 if the students in average daily membership number at least 300 but fewer
6 than 305;
- 7 o.y. 1.11 if the students in average daily membership number at least 305 but fewer
8 than 310;
- 9 p.z. 1.10 if the students in average daily membership number at least 310 but fewer
10 than 320;
- 11 q.aa. 1.09 if the students in average daily membership number at least 320 but fewer
12 than 335;
- 13 r.bb. 1.08 if the students in average daily membership number at least 335 but fewer
14 than 350;
- 15 s.cc. 1.07 if the students in average daily membership number at least 350 but fewer
16 than 360;
- 17 t.dd. 1.06 if the students in average daily membership number at least 360 but fewer
18 than 370;
- 19 u.ee. 1.05 if the students in average daily membership number at least 370 but fewer
20 than 380;
- 21 v.ff. 1.04 if the students in average daily membership number at least 380 but fewer
22 than 390;
- 23 w.gg. 1.03 if the students in average daily membership number at least 390 but fewer
24 than 400;
- 25 x.hh. 1.02 if the students in average daily membership number at least 400 but fewer
26 than 600;
- 27 y.ii. 1.01 if the students in average daily membership number at least 600 but fewer
28 than 900; and
- 29 z.jj. 1.00 if the students in average daily membership number at least 900.
- 30 2. For each elementary district in the state, the superintendent of public instruction shall
31 assign a weighting factor of:

- 1 a. 1.25 if the students in average daily membership number fewer than 125;
- 2 b. 1.17 if the students in average daily membership number at least 125 but fewer
- 3 than 200; and
- 4 c. 1.00 if the students in average daily membership number at least 200.
- 5 3. The school district size weighting factor determined under this section and multiplied
- 6 by a school district's weighted average daily membership equals the district's weighted
- 7 student units.
- 8 4. Notwithstanding the provisions of this section, the school district size weighting factor
- 9 assigned to a district may not be less than the factor arrived at when the highest
- 10 number of students possible in average daily membership is multiplied by the school
- 11 district size weighting factor for the subdivision immediately preceding the district's
- 12 actual subdivision and then divided by the district's average daily membership.

13 **SECTION 11.** Section 15.1-27-04.1 of the North Dakota Century Code is created and
14 enacted as follows:

15 **15.1-27-04.1. Baseline funding - Establishment - Determination of state aid.**

- 16 1. In order to determine the amount of state aid payable to each district, the
- 17 superintendent of public instruction shall establish each district's baseline funding. A
- 18 district's baseline funding consists of:
 - 19 a. All state aid received by the district in accordance with chapter 15.1-27 during the
 - 20 2012-13 school year;
 - 21 b. The district's 2012-13 mill levy reduction grant, as determined in accordance with
 - 22 chapter 57-64, as it existed on June 30, 2013;
 - 23 c. An amount equal to that raised by the district's 2012 general fund levy or that
 - 24 raised by one hundred ten mills of the district's 2012 general fund levy, whichever
 - 25 is less;
 - 26 d. An amount equal to that raised by the district's 2012 long distance learning and
 - 27 educational technology levy;
 - 28 e. An amount equal to that raised by the district's 2012 alternative education
 - 29 program levy; and
 - 30 f. An amount equal to seventy-five percent of all:

- 1 (1) Mineral revenue received by the school district and reported under code
2 2000 of the North Dakota school district financial accounting and reporting
3 manual, as developed by the superintendent of public instruction in
4 accordance with section 15.1-02-08;
- 5 (2) Tuition received by the school district and reported under code 1300 of the
6 North Dakota school district financial accounting and reporting manual, as
7 developed by the superintendent of public instruction in accordance with
8 section 15.1-02-08, with the exception of revenue received specifically for
9 the operation of an educational program provided at a resident treatment
10 facility;
- 11 (3) Revenue received by the school district from payments in lieu of taxes on
12 the distribution and transmission of electric power;
- 13 (4) Revenue received by the school district from payments in lieu of taxes on
14 electricity generated from sources other than coal;
- 15 (5) Revenue received by the school district from mobile home taxes;
- 16 (6) Revenue received by the school district from the leasing of land acquired by
17 the United States for which compensation is allocated to the state under 33
18 U.S.C. 701(c)(3);
- 19 (7) Telecommunications tax revenue received by the school district; and
- 20 (8) Revenue received by the school district from payments in lieu of taxes and
21 state reimbursement of the homestead credit and disabled veterans' credit.
- 22 2. The superintendent shall divide the district's total baseline funding by the district's
23 2012-13 weighted student units in order to determine the district's baseline funding per
24 weighted student unit.
- 25 3. a. In 2013-14, the superintendent shall multiply the district's weighted student units
26 by eight thousand eight hundred ten dollars.
- 27 (1) The superintendent shall adjust the product to ensure that the product is at
28 least equal to the greater of:
- 29 (a) One hundred two percent of the district's baseline funding per
30 weighted student unit, as established in subsection 2, multiplied by
31 the district's 2013-14 weighted student units; or

1 (b) One hundred percent of the district's baseline funding as established
2 in subsection 1.

3 (2) The superintendent shall also adjust the product to ensure that the product
4 does not exceed one hundred ten percent of the district's baseline funding
5 per weighted student unit multiplied by the district's 2013-14 weighted
6 student units, as established in subsection 2.

7 b. In 2014-15, the superintendent shall multiply the district's weighted student units
8 by nine thousand ninety-two dollars.

9 (1) The superintendent shall adjust the product to ensure that the product is at
10 least equal to the greater of:

11 (a) One hundred four percent of the district's baseline funding per
12 weighted student unit, as established in subsection 2, multiplied by
13 the district's 2014-15 weighted student units; or

14 (b) One hundred percent of the district's baseline funding as established
15 in subsection 1.

16 (2) The superintendent shall also adjust the product to ensure that the product
17 does not exceed one hundred twenty percent of the district's baseline
18 funding per weighted student unit, as established in subsection 2, multiplied
19 by the district's 2014-15 weighted student units.

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

22 a. Subtract an amount equal to fifty mills multiplied by the taxable valuation of the
23 school district; and

24 b. Subtract an amount equal to seventy-five percent of all revenues listed in
25 paragraphs 1 through 8 of subdivision f of subsection 1.

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

29 **SECTION 12.** Section 15.1-27-04.2 of the North Dakota Century Code is created and
30 enacted as follows:

1 **15.1-27-04.2. State aid - Minimum local effort - Determination.**

2 If a district's taxable valuation per student is less than forty percent of the state average
3 valuation per student, the superintendent of public instruction, for purposes of determining state
4 aid in accordance with section 15.1-27-04.1, shall utilize an amount equal to fifty mills times the
5 state average valuation per student multiplied by the number of weighted student units in the
6 district.

7 **SECTION 13. AMENDMENT.** Section 15.1-27-17 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **15.1-27-17. Per student payments - Reorganization of school districts - Separate**
10 **weighting factor.**

- 11 1. Notwithstanding ~~the provisions of~~ section 15.1-27-03.2, the superintendent of public
12 instruction shall create and assign a separate weighting factor to:
- 13 a. ~~Any school district that reorganized on or before June 30, 2007, and which was~~
14 ~~receiving per student payments in accordance with section 15.1-27-17, as that~~
15 ~~section existed on June 30, 2007; and~~
- 16 b. ~~Any~~ any school district that reorganizes on or after July 1, 2007.
- 17 2. a. The separate weighting factor must allow the reorganized school district to
18 receive a payment rate equivalent to that which each separate school district
19 would have received had the reorganization not taken place.
- 20 b. The separate weighting factor must be computed to four decimal places.
- 21 c. The provisions of this subsection are effective for a period of four years from the
22 date of the reorganization.
- 23 3. At the beginning of the fifth and at the beginning of the sixth years after the date of the
24 reorganization, the superintendent of public instruction shall make proportionate
25 adjustments in the assigned weighting factor so that beginning with the seventh year
26 after the date of the reorganization, the weighting factor that will be applied to the
27 reorganized district is that provided in section 15.1-27-03.2.

28 **SECTION 14. AMENDMENT.** Section 15.1-27-35 of the North Dakota Century Code is
29 amended and reenacted as follows:

1 **15.1-27-35. Average daily membership - Calculation.**

2 1. a. ~~During the 2009-10 school year, average daily membership is calculated at the~~
3 ~~conclusion of the school year by adding the total number of days that each~~
4 ~~student in a given grade, school, or school district is in attendance during a~~
5 ~~school calendar and the total number of days that each student in a given grade,~~
6 ~~school, or school district is absent during a school calendar, and then dividing the~~
7 ~~sum by the greater of:~~

8 (1) ~~The school district's calendar; or~~

9 (2) ~~One hundred eighty.~~

10 b. ~~During the 2010-11 school year, average daily membership is calculated at the~~
11 ~~conclusion of the school year by adding the total number of days that each~~
12 ~~student in a given grade, school, or school district is in attendance during a~~
13 ~~school calendar and the total number of days that each student in a given grade,~~
14 ~~school, or school district is absent during a school calendar, and then dividing the~~
15 ~~sum by the greater of:~~

16 (1) ~~The school district's calendar; or~~

17 (2) ~~One hundred eighty-one.~~

18 e. ~~Beginning with the 2011-12 school year, average~~ Average ~~daily membership is~~
19 ~~calculated at the conclusion of the school year by adding the total number of~~
20 ~~days that each student in a given grade, school, or school district is in attendance~~
21 ~~during a school calendar and the total number of days that each student in a~~
22 ~~given grade, school, or school district is absent during a school calendar, and~~
23 ~~then dividing the sum by the greater of:~~

24 (1)a. ~~The school district's calendar; or~~

25 (2)b. ~~One hundred eighty-two.~~

26 2. For purposes of calculating average daily membership, all students are deemed to be
27 in attendance on:

28 a. The three holidays listed in subdivisions b through j of subsection 1 of section
29 15.1-06-02 and selected by the school board in consultation with district
30 teachers;

- 1 b. The two days set aside for professional development activities under section
2 15.1-06-04; and
- 3 c. The two full days, or portions thereof, during which parent-teacher conferences
4 are held or which are deemed by the board of the district to be compensatory
5 time for parent-teacher conferences held outside regular school hours.
- 6 3. For purposes of calculating average daily membership:
- 7 a. A student enrolled full time in any grade from one through twelve may not exceed
8 an average daily membership of 1.00. The membership may be prorated for a
9 student who is enrolled less than full time.
- 10 b. A student enrolled full time in an approved regular education kindergarten
11 program may not exceed an average daily membership of 1.00. The membership
12 may be prorated for a student who is enrolled less than full time.
- 13 c. A student enrolled full time, as defined by the superintendent of public instruction,
14 in an approved early childhood special education program may not exceed an
15 average daily membership of 1.00. The membership may be prorated for a
16 student who is enrolled less than full time.

17 **SECTION 15. AMENDMENT.** Section 15.1-27-39 of the North Dakota Century Code is
18 amended and reenacted as follows:

19 **15.1-27-39. Annual salary - Minimum amount.**

- 20 ~~1. Beginning with the 2005-06 school year, the board of each school district shall provide~~
21 ~~to each full-time teacher, under contract for a period of nine months, a minimum salary~~
22 ~~level for the contract period equal to at least twenty-two thousand dollars.~~
- 23 2. Beginning with the ~~2006-07~~2014-15 school year, the board of each school district shall
24 provide to each full-time teacher, under contract for a period of nine months, a
25 minimum salary level for the contract period equal to at least ~~twenty-two~~twenty-seven
26 thousand five hundred dollars.

27 **SECTION 16.** Section 15.1-27-45 of the North Dakota Century Code is created and enacted
28 as follows:

29 **15.1-27-45. Property tax relief fund.**

- 30 1. The property tax relief fund is a special fund in the state treasury. On July 1, 2013, the
31 state treasurer shall change the name of the property tax relief sustainability fund

1 established under section 57-64-05 to property tax relief fund as established by this
2 section and any unobligated balance in the property tax relief sustainability fund must
3 be retained in the property tax relief fund. Moneys in the property tax relief fund may
4 be expended pursuant to legislative appropriations for property tax relief programs.

5 2. On or before the third Monday in each January, February, March, April, August,
6 September, October, November, and December, the office of management and budget
7 shall certify to the superintendent of public instruction the amount of the property tax
8 relief fund. The superintendent shall include the amount certified in determining the
9 state aid payments to which each school district is entitled under chapter 15.1-27.

10 **SECTION 17. AMENDMENT.** Section 15.1-29-15 of the North Dakota Century Code is
11 amended and reenacted as follows:

12 **15.1-29-15. Levy for tuition payments.**

13 If the board of a school district approves tuition payments for students in grades seven
14 through twelve or if the board is required to make tuition or tutoring payments under this
15 chapter, the board may levy an amount sufficient to meet such payments, pursuant to
16 ~~subdivision c of subsection 1 of section 57-15-14.2.~~

17 **SECTION 18. AMENDMENT.** Section 15.1-30-04 of the North Dakota Century Code is
18 amended and reenacted as follows:

19 **15.1-30-04. Provision of meals and lodging for high school students - Payment**
20 **permitted ~~Levy.~~**

21 Instead of providing transportation so that an eligible high school student residing in the
22 district can attend school in another district, a school board may pay a reasonable allowance to
23 the student's parent for costs incurred in the provision of meals and lodging for the student at a
24 location other than the student's residence. ~~A school district that furnishes either transportation~~
25 ~~or an allowance for the provision of meals and lodging for a student under this section may levy~~
26 ~~a tax pursuant to subdivision a of subsection 1 of section 57-15-14.2 for this purpose.~~

27 **SECTION 19. AMENDMENT.** Section 15.1-36-02 of the North Dakota Century Code is
28 amended and reenacted as follows:

29 **15.1-36-02. School construction projects - Loans.**

30 1. ~~The~~ In order to provide school construction loans, the board of university and school
31 lands may authorize the use of moneys in:

- 1 a. Fifty million dollars, or so much of that amount as may be necessary, from the
2 coal development trust fund, established pursuant to section 21 of article X of the
3 Constitution of North Dakota and subsection 1 of section 57-62-02 ~~to provide~~
4 school construction loans, as described in this chapter. The outstanding principal
5 balance of loans under this chapter may not exceed fifty million dollars. The
6 board may adopt policies and rules governing school construction loans; and
- 7 b. Two hundred million dollars from the strategic investment and improvements
8 fund, established pursuant to section 15-08.1-08.
- 9 2. In order to be eligible for a loan under this section, the board of a school district shall:
- 10 a. Propose a construction project with a cost of at least one million dollars and an
11 expected utilization of at least thirty years;
- 12 b. Obtain the approval of the superintendent of public instruction for the construction
13 project under section 15.1-36-01; and
- 14 c. Submit to the superintendent of public instruction an application containing all
15 information deemed necessary by the superintendent, including potential
16 alternative sources or methods of financing the construction project.
- 17 3. ~~The superintendent of public instruction shall give priority to any district that meets the~~
18 ~~requirements for receipt of an equity payment under section 15.1-27-11.~~
- 19 4. If an eligible school district's imputed taxable valuation per student is less than eighty
20 percent of the state average imputed taxable valuation per student, the district is
21 entitled to receive:
- 22 a. A school construction loan equal to the lesser of ~~twelve~~twenty million dollars or
23 ~~eighty~~ninety percent of the actual project cost;
- 24 b. An interest rate discount equal to at least one hundred but not more than ~~two~~four
25 hundred ~~fifty~~ basis points below the prevailing tax-free bond rates; and
- 26 c. A term of repayment that may extend up to twenty years.
- 27 ~~5.4.~~ If an eligible school district's imputed taxable valuation per student is equal to at least
28 eighty percent but less than ninety percent of the state average imputed taxable
29 valuation per student, the district is entitled to receive:
- 30 a. A school construction loan equal to the lesser of ~~ten~~fifteen million dollars or
31 ~~seventy~~eighty percent of the actual project cost;

- 1 b. An interest rate buydown equal to at least one hundred but not more than
2 ~~twethree~~ hundred fifty basis points below the prevailing tax-free bond rates; and
3 c. A term of repayment that may extend up to twenty years.
- 4 ~~6-5.~~ If an eligible school district's ~~imputed~~ taxable valuation per student is equal to at least
5 ninety percent of the state average ~~imputed~~ taxable valuation per student, the district
6 is entitled to receive:
- 7 a. A school construction loan equal to the lesser of ~~fourten~~ million dollars or
8 ~~thirtyseventy~~ percent of the actual project cost;
- 9 b. An interest rate discount equal to at least one hundred but not more than
10 ~~twethree~~ hundred fifty basis points below the prevailing tax-free bond rates; and
11 c. A term of repayment that may extend up to twenty years.
- 12 ~~7-6.~~ The board of a school district may submit its loan application to the superintendent of
13 public instruction before or after receiving authorization of a bond issue in accordance
14 with chapter 21-03. If the vote to authorize a bond issue precedes the application for a
15 loan, the application must be acted upon by the superintendent expeditiously but no
16 later than one hundred eighty days from the date it is received by the superintendent.
- 17 ~~8-7.~~ The superintendent of public instruction shall consider each loan application in the
18 order it received approval under section 15.1-36-01.
- 19 ~~9-8.~~ If the superintendent of public instruction approves the loan, the superintendent may
20 determine the loan amount, the term of the loan, and the interest rate, in accordance
21 with the requirements of this section.
- 22 ~~10.~~ ~~The superintendent of public instruction may adopt rules governing school-~~
23 ~~construction loans.~~
- 24 9. a. If a school district seeking a loan under this section received an allocation of the
25 oil and gas gross production tax during the previous fiscal year in accordance
26 with chapter 57-51, the board of the district shall provide to the board of
27 university and school lands its evidence of indebtedness indicating that the loan
28 originated under this section.
- 29 b. If the evidence of indebtedness is payable solely from the school district's
30 allocation of the oil and gas gross production tax in accordance with section

- 1 57-51-15, the loan does not constitute a general obligation of the school district
2 and may not be considered a debt of the district.
- 3 c. If a loan made to a school district is payable solely from the district's allocation of
4 the oil and gas gross production tax in accordance with section 57-51-15, the
5 terms of the loan must require that the county treasurer withhold the dollar
6 amount or percentage specified in the loan agreement, from each of the district's
7 oil and gas gross production tax allocations in order to repay the principal and
8 interest of the evidence of indebtedness. The county treasurer shall transfer any
9 amount withheld under this subdivision to the state treasurer. The state treasurer
10 shall deposit the amount withheld into the fund from which the loan originated.
- 11 d. Any evidence of indebtedness executed by the board of a school district under
12 this subsection is a negotiable instrument and not subject to taxation by the state
13 or any political subdivision of the state.

14 ~~44-10.~~ For purposes of this section, a "construction project" means the purchase, lease,
15 erection, or improvement of any structure or facility by a school board, provided the
16 acquisition or activity is within a school board's authority.

17 **SECTION 20. AMENDMENT.** Section 40-55-08 of the North Dakota Century Code is
18 amended and reenacted as follows:

19 **40-55-08. Election to determine desirability of establishing recreation system - How**
20 **called.**

21 The governing body of any municipality, school district, or park district to which this chapter
22 is applicable, may and upon receipt of a petition signed by at least ten qualified electors but not
23 less than five percent of those qualified electors who voted at the last general election of the
24 municipality, school district, or park district, shall submit to the qualified electors the question of
25 the establishment, maintenance, and conduct of a public recreation system, and except in the
26 case of a school district, the levying of an annual tax for the conduct and maintenance thereof
27 of not more than two and five-tenths mills on each dollar of taxable valuation of all taxable
28 property within the corporate limits or boundaries of such municipality or park district, to be
29 voted upon at the next general election or special municipal election; provided, however, that
30 such questions may not be voted upon at the next general election unless such action of the
31 governing body shall be taken, or such petition to submit such question shall be filed thirty days

1 prior to the date of such election. A school district may ~~levy a tax~~provide for the establishment,
2 maintenance, and conduct of a public recreation system ~~pursuant to subdivision c of~~
3 ~~subsection 1 of~~using the proceeds of levies, as permitted by section 57-15-14.2.

4 **SECTION 21. AMENDMENT.** Section 40-55-09 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **40-55-09. Favorable vote at election - Procedure.**

7 Except in the case of a school district or park district, upon adoption of the public recreation
8 system proposition at an election by a majority of the votes cast upon the proposition, the
9 governing body of the municipality, by resolution or ordinance, shall provide for the
10 establishment, maintenance, and conduct of a public recreation system, and thereafter levy and
11 collect annually a tax of not more than two and five-tenths mills, or not more than eight and
12 five-tenths mills if authorized as provided by this section, on each dollar of the taxable valuation
13 of all taxable property within the corporate limits or boundaries of the municipality. This tax is in
14 addition to the maximum of taxes permitted to be levied in such municipality. The mill levy
15 authorized by this section may be raised to not more than eight and five-tenths mills when the
16 increase is approved by the citizens of the municipality after submission of the question in the
17 same manner as provided in section 40-55-08 for the establishment of the public recreation
18 system. The governing body of the municipality shall continue to levy the tax annually for public
19 recreation purposes until the qualified voters, at a regular or special election, by a majority vote
20 on the proposition, decide to discontinue the levy. The governing body of the municipality may
21 appropriate additional funds for the operation of the public recreation system if in the opinion of
22 the governing body additional funds are needed for the efficient operation thereof. This chapter
23 does not limit the power of any municipality, school district, or park district to appropriate on its
24 own initiative general municipal, school district, or park district tax funds for the operation of a
25 public recreation system, a community center, or character-building facility. ~~A school district may~~
26 ~~levy a tax annually for the conduct and maintenance of a public recreation system pursuant to~~
27 ~~subdivision c of subsection 1 of section 57-15-14.2.~~ A park district may levy a tax annually
28 within the general fund levy authority of section 57-15-12 for the conduct and maintenance of a
29 public recreation system.

30 **SECTION 22. AMENDMENT.** Section 57-15-01.1 of the North Dakota Century Code is
31 amended and reenacted as follows:

1 **57-15-01.1. Protection of taxpayers and taxing districts.**

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

- 4 1. No taxing district may levy more taxes expressed in dollars than the amounts allowed
5 by this section.
- 6 2. For purposes of this section:
 - 7 a. "Base year" means the taxing district's taxable year with the highest amount
8 levied in dollars in property taxes of the three taxable years immediately
9 preceding the budget year. For a park district general fund, the "amount levied in
10 dollars in property taxes" is the sum of amounts levied in dollars in property taxes
11 for the general fund under section 57-15-12 including any additional levy
12 approved by the electors, the insurance reserve fund under section 32-12.1-08,
13 the employee health care program under section 40-49-12, the public recreation
14 system under section 40-55-09 including any additional levy approved by the
15 electors, forestry purposes under section 57-15-12.1 except any additional levy
16 approved by the electors, pest control under section 4-33-11, and handicapped
17 person programs and activities under section 57-15-60;
 - 18 b. "Budget year" means the taxing district's year for which the levy is being
19 determined under this section;
 - 20 c. "Calculated mill rate" means the mill rate that results from dividing the base year
21 taxes levied by the sum of the taxable value of the taxable property in the base
22 year plus the taxable value of the property exempt by local discretion or
23 charitable status, calculated in the same manner as the taxable property; and
 - 24 d. "Property exempt by local discretion or charitable status" means property
25 exempted from taxation as new or expanding businesses under chapter 40-57.1;
26 improvements to property under chapter 57-02.2; or buildings belonging to
27 institutions of public charity, new single-family residential or townhouse or
28 condominium property, property used for early childhood services, or pollution
29 abatement improvements under section 57-02-08.
- 30 3. A taxing district may elect to levy the amount levied in dollars in the base year. Any
31 levy under this section must be specifically approved by a resolution approved by the

1 governing body of the taxing district. Before determining the levy limitation under this
2 section, the dollar amount levied in the base year must be:

- 3 a. Reduced by an amount equal to the sum determined by application of the base
4 year's calculated mill rate for that taxing district to the final base year taxable
5 valuation of any taxable property and property exempt by local discretion or
6 charitable status which is not included in the taxing district for the budget year but
7 was included in the taxing district for the base year.
- 8 b. Increased by an amount equal to the sum determined by the application of the
9 base year's calculated mill rate for that taxing district to the final budget year
10 taxable valuation of any taxable property or property exempt by local discretion or
11 charitable status which was not included in the taxing district for the base year
12 but which is included in the taxing district for the budget year.
- 13 c. Reduced to reflect expired temporary mill levy increases authorized by the
14 electors of the taxing district. For purposes of this subdivision, an expired
15 temporary mill levy increase does not include a school district general fund mill
16 rate exceeding one hundred ten mills which has expired or has not received
17 approval of electors for an extension under subsection 2 of section 57-64-03.
- 18 d. Increased, for a school district determining its levy limitation under this section,
19 by the amount the school district's mill levy reduction grant under section
20 57-64-02 and state aid under chapter 15.1-27 for the base year exceeds the
21 amount of the school district's ~~mill levy reduction grant under section~~
22 ~~57-64-02~~state aid under chapter 15.1-27 for the budget year.
- 23 e. Reduced for a school district determining its levy limitation under this section, by
24 the amount the school district's ~~mill levy reduction grant under section~~
25 ~~57-64-02~~state aid under chapter 15.1-27 for the budget year exceeds the amount
26 of the school district's mill levy reduction grant under section 57-64-02 and state
27 aid under chapter 15.1-27 for the base year.
- 28 4. In addition to any other levy limitation factor under this section, a taxing district may
29 increase its levy in dollars to reflect new or increased mill levies authorized by the
30 legislative assembly or authorized by the electors of the taxing district.

- 1 5. Under this section a taxing district may supersede any applicable mill levy limitations
2 otherwise provided by law, or a taxing district may levy up to the mill levy limitations
3 otherwise provided by law without reference to this section, but the provisions of this
4 section do not apply to the following:
- 5 a. Any irrevocable tax to pay bonded indebtedness levied pursuant to section 16 of
6 article X of the Constitution of North Dakota.
- 7 b. The one-mill levy for the state medical center authorized by section 10 of article X
8 of the Constitution of North Dakota.
- 9 6. A school district choosing to determine its levy authority under this section may apply
10 subsection 3 only to the amount in dollars levied for general fund purposes under
11 section 57-15-14 or, if the levy in the base year included separate general fund and
12 special fund levies under sections 57-15-14 and 57-15-14.2, the school district may
13 apply subsection 3 to the total amount levied in dollars in the base year for both the
14 general fund and special fund accounts. School district levies under any section other
15 than section 57-15-14 may be made within applicable limitations but those levies are
16 not subject to subsection 3.
- 17 7. Optional levies under this section may be used by any city or county that has adopted
18 a home rule charter unless the provisions of the charter supersede state laws related
19 to property tax levy limitations.

20 **SECTION 23. AMENDMENT.** Section 57-15-14 of the North Dakota Century Code is
21 amended and reenacted as follows:

22 **~~57-15-14. General fund levy limitations~~Voter approval of excess levies in school**
23 **~~districts.~~**

24 ~~The aggregate amount levied each year for the purposes listed in section 57-15-14.2 by any~~
25 ~~school district, except the Fargo school district, may not exceed the amount in dollars which the~~
26 ~~school district levied for the prior school year plus twelve percent up to a general fund levy of~~
27 ~~one hundred eighty-five mills on the dollar of the taxable valuation of the district, except that:~~

- 28 1. Unless authorized by the electors of the school district in accordance with this section,
29 a school district may not impose greater levies than those permitted under section
30 57-15-14.2.

- 1 1. a. In any school district having a total population in excess of four thousand
2 according to the last federal decennial census there may be levied any specific
3 number of mills that upon resolution of the school board has been submitted to
4 and approved by a majority of the qualified electors voting upon the question at
5 any regular or special school district election.
- 6 2. b. In any school district having a total population of fewer than four thousand, there
7 may be levied any specific number of mills that upon resolution of the school
8 board has been approved by fifty-five percent of the qualified electors voting
9 upon the question at any regular or special school election.
- 10 3. c. After June 30, 2009, in any school district election for approval by electors of
11 increased levy authority under subsection 1 or 2, the ballot must specify the
12 number of mills proposed for approval, and the number of taxable years for which
13 that approval is to apply. After June 30, 2009, approval by electors of increased
14 levy authority under subsection 1 or 2 may not be effective for more than ten
15 taxable years.
- 16 4. d. The authority for a levy of up to a specific number of mills under this section
17 approved by electors of a school district before July 1, 2009, is terminated
18 effective for taxable years after 2015. If the electors of a school district subject to
19 this subsection have not approved a levy for taxable years after 2015 of up to a
20 specific number of mills under this section by December 31, 2015, the school
21 district levy limitation for subsequent years is subject to the limitations under
22 section 57-15-01.1 or this section.
- 23 e. For taxable years beginning after 2012:
- 24 (1) The authority for a levy of up to a specific number of mills, approved by
25 electors of a school district for any period of time that includes a taxable
26 year before 2009, must be reduced by one hundred thirty-five mills as a
27 precondition of receiving state aid in accordance with chapter 15.1-27.
- 28 (2) The authority for a levy of up to a specific number of mills, approved by
29 electors of a school district for any period of time that does not include a
30 taxable year before 2009, must be reduced by sixty mills as a precondition
31 of receiving state aid in accordance with chapter 15.1-27.

1 (3) The authority for a levy of up to a specific number of mills, placed on the
2 ballot in a school district election for electoral approval of increased levy
3 authority under subdivision a or b, after June 30, 2013, must be stated as a
4 specific number of mills of general fund levy authority and must include a
5 statement that the statutory school district general fund levy limitation is
6 sixty mills on the dollar of the taxable valuation of the school district.

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

13 2. a. The question of authorizing or discontinuing such specific number of mills
14 authority in any school district must be submitted to the qualified electors at the
15 next regular election upon resolution of the school board or upon the filing with
16 the school board of a petition containing the signatures of qualified electors of the
17 district equal in number to ten percent of the number of electors who cast votes in
18 the most recent election in the school district. ~~However, not~~No fewer than
19 twenty-five signatures are required. ~~However, the~~

20 b. The approval of discontinuing such authority does not affect the tax levy in the
21 calendar year in which the election is held.

22 c. The election must be held in the same manner and subject to the same
23 conditions as provided in this section for the first election upon the question of
24 authorizing the mill levy.

25 **SECTION 24. AMENDMENT.** Section 57-15-14.2 of the North Dakota Century Code is
26 amended and reenacted as follows:

27 **~~57-15-14.2. Mill levies requiring board action -- Proceeds to general fund~~**
28 **~~account~~School district levies.**

29 1. ~~A school board of any school district may levy an amount sufficient to cover general~~
30 ~~expenses, including the costs of the following:~~

31 a. ~~Board and lodging for high school students as provided in section 15.1-30-04.~~

Sixty-third
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- 1 b. ~~The teachers' retirement fund as provided in section 15-39.1-28.~~
- 2 e. ~~Tuition for students in grades seven through twelve as provided in section~~
- 3 ~~15.1-29-15.~~
- 4 d. ~~Special education program as provided in section 15.1-32-20.~~
- 5 e. ~~The establishment and maintenance of an insurance reserve fund for insurance~~
- 6 ~~purposes as provided in section 32-12.1-08.~~
- 7 f. ~~A final judgment obtained against a school district.~~
- 8 g. ~~The district's share of contribution to the old-age survivors' fund and matching~~
- 9 ~~contribution for the social security fund as provided by chapter 52-09 and to~~
- 10 ~~provide the district's share of contribution to the old-age survivors' fund and~~
- 11 ~~matching contribution for the social security fund for contracted employees of a~~
- 12 ~~multidistrict special education board.~~
- 13 h. ~~The rental or leasing of buildings, property, or classroom space. Minimum state~~
- 14 ~~standards for health and safety applicable to school building construction shall~~
- 15 ~~apply to any rented or leased buildings, property, or classroom space.~~
- 16 i. ~~Unemployment compensation benefits.~~
- 17 j. ~~The removal of asbestos substances from school buildings or the abatement of~~
- 18 ~~asbestos substances in school buildings under any method approved by the~~
- 19 ~~United States environmental protection agency and any repair, replacement, or~~
- 20 ~~remodeling that results from such removal or abatement, any remodeling~~
- 21 ~~required to meet specifications set by the Americans with Disabilities Act~~
- 22 ~~accessibility guidelines for buildings and facilities as contained in the appendix to~~
- 23 ~~28 CFR 36, any remodeling required to meet requirements set by the state fire~~
- 24 ~~marshal during the inspection of a public school, and for providing an alternative~~
- 25 ~~education program as provided in section 57-15-17.1.~~
- 26 k. ~~Participating in cooperative career and technical education programs approved~~
- 27 ~~by the state board.~~
- 28 l. ~~Maintaining a career and technical education program approved by the state~~
- 29 ~~board and established only for that school district.~~
- 30 m. ~~Paying the cost of purchasing, contracting, operating, and maintaining~~
- 31 ~~schoolbuses.~~

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- 1 n. ~~Establishing and maintaining school library services.~~
- 2 e. ~~Equipping schoolbuses with two-way communications and central station~~
- 3 ~~equipment and providing for the installation and maintenance of such equipment.~~
- 4 p. ~~Establishing free public kindergartens in connection with the public schools of the~~
- 5 ~~district for the instruction of resident children below school age during the regular~~
- 6 ~~school term.~~
- 7 q. ~~Establishing, maintaining, and conducting a public recreation system.~~
- 8 f. ~~The district's share of contribution to finance an interdistrict cooperative~~
- 9 ~~agreement authorized by section 15.1-09-40.~~
- 10 2. ~~This limitation does not apply to mill levies pursuant to subdivisions a, c, f, and j of~~
- 11 ~~subsection 1. If a school district maintained a levy to finance either its participation in a~~
- 12 ~~cooperative career and technical education program or its sponsorship of~~
- 13 ~~single-district career and technical education programs prior to July 1, 1983, and the~~
- 14 ~~district discontinues its participation in or sponsorship of those career and technical~~
- 15 ~~education programs, that district must reduce the proposed aggregated expenditure~~
- 16 ~~amount for which its general fund levy is used by the dollar amount raised by its prior~~
- 17 ~~levy for the funding of those programs.~~
- 18 3. ~~All proceeds of any levy established pursuant to this section must be placed in the~~
- 19 ~~school district's general fund account and may be expended to achieve the purposes~~
- 20 ~~for which the taxes authorized by this section are levied. Proceeds from levies~~
- 21 ~~established pursuant to this section and funds provided to school districts pursuant to~~
- 22 ~~chapter 15.1-27 may not be transferred to the building fund within the school district.~~
- 23 1. The board of a school district may levy a tax not exceeding the amount in dollars that
- 24 the school district levied for the prior year, plus twelve percent, up to a levy of sixty
- 25 mills on the taxable valuation of the district for any purpose related to the provision of
- 26 educational services. The proceeds of this levy must be deposited into the school
- 27 district's general fund and used in accordance with this subsection. The proceeds may
- 28 not be transferred into any other fund.
- 29 2. The board of a school district may levy no more than twelve mills on the taxable
- 30 valuation of the district for miscellaneous purposes and expenses. The proceeds of
- 31 this levy must be deposited into a special fund known as the miscellaneous fund and

1 used in accordance with this subsection. The proceeds may not be transferred into
2 any other fund.

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

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

11 5. Nothing in this section limits the board of a school district from levying:
12 a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and
13 b. Mills necessary to pay principal and interest on the bonded debt of the district.

14 **SECTION 25. AMENDMENT.** Section 57-15-14.5 of the North Dakota Century Code is
15 amended and reenacted as follows:

16 **57-15-14.5. Long-distance learning and educational technology levy ~~--Voter approval.~~**

17 ~~1. The school board of a public school district may, upon approval by a majority vote of~~
18 ~~the qualified electors of the school district voting on the question at any regular or~~
19 ~~special election, dedicate a tax levy for purposes of this section not to exceed five mills~~
20 ~~on the dollar of taxable valuation of property within the district.~~

21 ~~2. All revenue accruing from the levy under this section must be used only for purposes~~
22 ~~of establishing and maintaining long-distance learning and purchasing and maintaining~~
23 ~~educational technology. For purposes of this section, educational technology includes~~
24 ~~computer software, computers and computer networks, other computerized~~
25 ~~equipment, which must be used for student instruction, and the salary of a staff person~~
26 ~~to supervise the use and maintenance of educational technology.~~

27 ~~3. If the need for the fund terminates, the governing board of the public school district~~
28 ~~shall order the termination of the levy and~~On July 1, 2013, each school district shall
29 ~~transfer the remaining~~any balance remaining in its long-distance learning and
30 educational technology fund to the general fund of the school district.

1 **SECTION 26. AMENDMENT.** Section 57-15-17 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **57-15-17. Disposition of building fund tax.**

4 Revenue raised for building purposes shall be disposed of as follows:

5 1. a. All revenue accruing from appropriations or tax levies for a school district building
6 fund together with such amounts as may be realized for building purposes from
7 all other sources must be placed in a separate fund known as a school building
8 fund and must be deposited, held, or invested in the same manner as the sinking
9 funds of such school district or in the purchase of shares or securities of federal
10 or state-chartered savings and loan associations within the limits of federal
11 insurance.

12 b. The funds may only be used for the following purposes:

13 (1) ~~The erection~~construction of new school district buildings ~~or~~and facilities, ~~or~~
14 additions to old;

15 (2) The renovation, repair, or expansion of school district buildings and
16 facilities, ~~or the making of major repairs to existing buildings or facilities, or~~
17 improvements to school land and site. For purposes of this paragraph,
18 facilities may include parking lots, athletic complexes, or any other real
19 property owned by the school district.;

20 (3) The improvement of school district buildings, facilities, and real property;

21 (4) The leasing of buildings and facilities;

22 (2)(5) The payment of rentals upon contracts with the state board of public school
23 education.;

24 (3)(6) The payment of rentals upon contracts with municipalities for career and
25 technical education facilities financed pursuant to chapter 40-57-

26 (4) ~~Within the limitations of school plans as provided in subsection 2 of section~~
27 57-15-16.;

28 (5)(7) The payment of principal, ~~premium, if any~~premiums, and interest on bonds
29 issued ~~pursuant to~~in accordance with subsection 7 of section 21-03-07.

30 (6) ~~The payment of premiums for fire and allied lines, liability, and multiple peril~~
31 insurance ~~on any building and its use, occupancy, fixtures, and contents.~~

- 1 c. The custodian of the funds may pay out the funds only upon order of the school
2 board, signed by the president and the business manager of the school district.
3 The order must recite upon its face the purpose for which payment is made.
- 4 2. Any moneys remaining in a school building fund after the completion of the payments
5 for any school building project which has cost seventy-five percent or more of the
6 amount in such building fund at the time of letting the contracts therefor shall be
7 returned to the general fund of the school district upon the order of the school board.
- 8 3. The governing body of any school district may pay into the general fund of the school
9 district any moneys which have remained in the school building fund for a period of ten
10 years or more, and such district may include the same as a part of its cash on hand in
11 making up its budget for the ensuing year. In determining what amounts have
12 remained in said fund for ten years or more, all payments which have been paid from
13 the school building fund for building purposes shall be considered as having been paid
14 from the funds first acquired.
- 15 4. Whenever collections from the taxes levied for the current budget and other income
16 are insufficient to meet the requirements for general operating expenses, a majority of
17 the governing body of a school district may transfer unobligated funds from the school
18 building fund into the general fund of the school district if the school district has issued
19 certificates of indebtedness equal to fifty percent of the outstanding uncollected
20 general fund property tax. No school district may transfer funds from the school
21 building fund into the general fund for more than two years.

22 **SECTION 27. AMENDMENT.** Section 57-15-17.1 of the North Dakota Century Code is
23 amended and reenacted as follows:

24 ~~57-15-17.1. School board levies -- Multiyear mercury and hazardous substance~~
25 ~~abatement or removal -- Required remodeling -- Alternative education programs -- Heating,~~
26 ~~ventilation, and air-conditioning systems~~Discontinuation of special funds - Required
27 transfers

- 28 1. The governing body of any public school district may by resolution adopted by a
29 two-thirds vote of the school board dedicate a tax levy for purposes of this section of
30 not exceeding fifteen mills on the dollar of taxable valuation of property within the
31 district for a period not longer than fifteen years. The school board may authorize and

- 1 issue general obligation bonds to be paid from the proceeds of this dedicated levy for
2 the purpose of:
- 3 a. Providing funds for the abatement or removal of mercury and other hazardous
4 substances from school buildings in accordance with any method approved by
5 the United States environmental protection agency and for any repair,
6 replacement, or remodeling that results from the abatement or removal of such
7 substances;
- 8 b. Any remodeling required to meet specifications set by the Americans with
9 Disabilities Act accessibility guidelines for buildings and facilities as contained in
10 the appendix to 28 CFR 36;
- 11 c. Any remodeling required to meet requirements set by the state fire marshal
12 during the inspection of a public school;
- 13 d. Providing alternative education programs; and
- 14 e. Providing funds for the repair, replacement, or modification of any heating,
15 ventilation, or air conditioning systems and required ancillary systems to provide
16 proper indoor air quality that meets American society of heating, refrigerating and
17 air conditioning engineers, incorporated standards.
- 18 2. All revenue accruing from the levy under this section, except revenue deposited as
19 allowed by subsections 3, 4, and 5 must be placed in a separate fund known as the
20 mercury and hazardous substance abatement or removal fund and must be accounted
21 for within the capital projects fund group and disbursements must be made from such
22 funds within this fund group for the purpose of mercury and hazardous substance
23 abatement or removal.
- 24 3. All revenue accruing from up to five mills of the fifteen mill levy under this section must
25 be placed in a separate fund known as the required remodeling fund and must be
26 accounted for within the capital projects fund group and disbursements must be made
27 from such funds within this fund group for the purpose of required remodeling, as set
28 forth in subsection 1.
- 29 4. All revenue accruing from up to ten mills of the fifteen mill levy under this section may
30 be placed in a separate fund known as the alternative education program fund.
31 Disbursement may be made from the fund for the purpose of providing an alternative

1 ~~education program but may not be used to construct or remodel facilities used to~~
2 ~~accommodate an alternative education program.~~

3 5. ~~All revenue accruing from the levy under this section, except revenue deposited as~~
4 ~~allowed by subsections 2, 3, and 4, must be placed in a separate fund known as the~~
5 ~~heating, ventilation, and air-conditioning upgrade fund and must be accounted for~~
6 ~~within the capital projects fund group and disbursements must be made from such~~
7 ~~funds within this fund group for the purpose of improving indoor air quality.~~

8 6. ~~Any~~On July 1, 2013, each school district shall transfer to its building fund or its general
9 ~~fund~~ any moneys remaining in the mercury and hazardous substance abatement or
10 ~~removal fund after completion of the principal and interest payments for any bonds~~
11 ~~issued for any school mercury and hazardous substance abatement or removal~~
12 ~~project, any funds, any moneys~~ remaining in the required remodeling fund after
13 ~~completion of the remodeling projects, any funds, any moneys~~ remaining in the
14 ~~alternative education program fund at the termination of the program, and any~~
15 ~~funds~~moneys remaining in the heating, ventilation, and air-conditioning upgrade fund
16 ~~after completion of the principal and interest payments for any bonds issued for any~~
17 ~~indoor air quality project must be transferred to the general fund of the school district~~
18 ~~upon the order of the school board.~~

19 **SECTION 28. AMENDMENT.** Section 57-15-31 of the North Dakota Century Code is
20 amended and reenacted as follows:

21 **57-15-31. Determination of levy.**

22 The amount to be levied by any county, city, township, school district, park district, or other
23 municipality authorized to levy taxes shall be computed by deducting from the amount of
24 estimated expenditures for the current fiscal year as finally determined, plus the required
25 reserve fund determined upon by the governing board from the past experience of the taxing
26 district, the total of the following items:

- 27 1. The available surplus consisting of the free and unencumbered cash balance.
- 28 2. Estimated revenues from sources other than direct property taxes.
- 29 3. The total estimated collections from tax levies for previous years.
- 30 4. Such expenditures as are to be made from bond sources.

1 5. The amount of distributions received from an economic growth increment pool under
2 section 57-15-61.

3 6. The estimated amount to be received from payments in lieu of taxes on a project
4 under section 40-57.1-03.

5 7. ~~The amount reported to a school district by the superintendent of public instruction as
6 the school district's mill levy reduction grant for the year under section 57-64-02.~~

7 Allowance may be made for a permanent delinquency or loss in tax collection not to exceed five
8 percent of the amount of the levy.

9 **SECTION 29. AMENDMENT.** Section 57-19-01 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **57-19-01. School district may establish special reserve fund.**

12 Each school district in this state may establish and maintain a special reserve fund which
13 ~~must be separate and distinct from all other funds now authorized by law and which may not~~
14 ~~exceed in amount at any one time the sum. The balance of moneys in the fund may not exceed~~
15 ~~that which could be produced by a levy of the maximum mill levy number of mills allowed by law~~
16 in that district for that year.

17 **SECTION 30. AMENDMENT.** Section 57-19-02 of the North Dakota Century Code is
18 amended and reenacted as follows:

19 **57-19-02. Special reserve fund - Separate trust fund.**

20 ~~The special reserve fund is a separate trust fund for the use and benefit of the school~~
21 ~~district, to be drawn upon as provided in this chapter.~~

22 1. Moneys in the fund may be deposited, held, or invested in the same manner as the
23 sinking fund of the district or in the purchase of shares or securities of federal savings
24 and loan associations or state-chartered building and loan associations, within the
25 limits of federal insurance. ~~The school district business manager shall annually, upon a~~
26 ~~resolution of the school board,~~

27 2. ~~Annually, the board of the school district shall~~ transfer to the school district general
28 ~~fund any part or all of the investment income or~~ and interest earned by the principal
29 ~~amount of the school district's~~ of the special reserve fund.

1 3. On July 1, 2013, the board of the school district shall transfer from the special reserve
2 fund to the district's general fund any amount that exceeds the limitation in section
3 57-19-01.

4 **SECTION 31. AMENDMENT.** Section 57-19-09 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **57-19-09. When fund may be transferred.**

7 Any school district which has heretofore by mistake, or for any other reason, considered all
8 or any part of a special reserve fund, as provided for in chapter 57-19, in determining the
9 budget for the school district which has deducted all or any part of the funds in such special
10 reserve fund from the amount necessary to be levied for any school fiscal year, may transfer
11 from the special reserve fund into the general fund all or any part of such amounts which have
12 been so considered contrary to the provisions of section 57-19-05. ~~Any school district special-~~
13 ~~reserve fund and the tax levy therefor may be discontinued by a vote of sixty percent of the~~
14 ~~electors of the school district voting upon the question at any special or general election.~~
15 Any moneys remaining unexpended in ~~such~~the special reserve fund must be transferred to the
16 ~~building or~~ general fund of the school district. ~~The discontinuance of a special reserve fund shall~~
17 ~~not decrease the school district tax levies otherwise provided for by law by more than twenty-~~
18 ~~percent. A special reserve fund and the tax levy therefor which has been discontinued may be~~
19 ~~reinstated by a vote of sixty percent of the electors of the school district voting upon the~~
20 ~~question at any special or general election.~~

21 **SECTION 32. LEGISLATIVE MANAGEMENT STUDY - ACCOUNTABILITY.** During the
22 2013-14 interim, the legislative management shall consider studying accountability in
23 elementary and secondary education. The study should include a review of the historical basis
24 for adequacy funding, as set forth in the 2008 report by Lawrence O. Picus and Associates, the
25 recommendations of the Commission on Education Improvement regarding adequacy funding,
26 and the enactments of the sixty-first, sixty-second, and sixty-third legislative assemblies in that
27 regard. The study should examine the performance of North Dakota students in state and
28 national assessments to determine whether recent legislative efforts have effected measurable
29 improvements in student achievement. The study also should examine high school curricular
30 requirements and content standards to determine whether students are being adequately
31 prepared for the various assessments and for their first year of enrollment in institutions of

1 higher education. The legislative management shall report its findings and recommendations,
2 together with any legislation required to implement the recommendations, to the sixty-fourth
3 legislative assembly.

4 **SECTION 33. REPEAL.** Sections 15.1-27-04, 15.1-27-07.1, 15.1-27-11, 15.1-27-22.1,
5 15.1-27-42, 15.1-27-43, 15.1-27-44, 15.1-32-20, 57-15-14.4, 57-19-04, and 57-19-10 and
6 chapter 57-64 of the North Dakota Century Code are repealed.