

# ELEMENTARY AND SECONDARY EDUCATION

## CHAPTER 137

### SENATE BILL NO. 2031

(Legislative Management)  
(Education Funding Committee)

AN ACT to create and enact a new section to chapter 15.1-06, a new section to chapter 15.1-13, and section 15.1-09.1-02.2 of the North Dakota Century Code, relating to school district calendars, regional education associations, and the education standards and practices board; to amend and reenact sections 15-39.1-28, 15.1-06-04, 15.1-09-47, 15.1-09-48, 15.1-27-03.1, 15.1-27-03.2, 15.1-27-04.1, 15.1-27-04.2, 15.1-27-23, 15.1-27-35.3, 15.1-27-45, 15.1-30-04, 15.1-36-02, 40-55-08, 40-55-09, 57-15-01.1, 57-15-14, 57-15-14.2, 57-15-17, 57-15-31, 57-19-01, 57-19-02, and 57-19-09 of the North Dakota Century Code, relating to the determination of state aid payable to school districts; to repeal sections 15.1-27-04, 15.1-27-07.2, 15.1-27-11, 15.1-27-22.1, 15.1-27-42, 15.1-27-43, 15.1-27-44, 15.1-32-20, 57-15-14.4, 57-15-14.5, 57-15-17.1, and 57-19-04 and chapter 57-64 of the North Dakota Century Code, relating to the determination of state aid payable to school districts, school district levies, and mill levy reduction grants; to provide for a school district reporting review committee study; to provide for legislative management studies; to provide grants; to provide exemptions; to provide for contingent funding; to provide an effective date; and to declare an emergency.

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

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

**15-39.1-28. ~~(Effective for the first two taxable years beginning after December 31, 2012) Tax levy for teachers' retirement.~~**

Any school district by a resolution of its school board may use the proceeds of levies, as permitted by section 57-15-14.2, for the purposes of meeting the district's contribution to the fund arising under this chapter and to provide the district's share, if any, of contribution to the fund for contracted employees of either a multidistrict special education board or another school district where the contracted employees are also providing services to the taxing school district.

**~~(Effective after the first two taxable years beginning after December 31, 2012) Tax levy for teachers' retirement.~~** Any school district by a resolution of its school board may levy a tax pursuant to subdivision b of subsection 1 of section 57-15-14.2, the proceeds to be used for the purposes of meeting the district's contribution to the fund arising under this chapter and to provide the district's share, if any, of contribution to the fund for contracted employees of either a multidistrict

special education board or another school district where the contracted employees are also providing services to the taxing school district.

**SECTION 2. AMENDMENT.** Section 15.1-06-04 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-06-04. School calendar - Length.**

1. ~~During the 2009-10 school year, a school district shall provide for a school calendar of at least one hundred eighty days:~~
  - a. ~~One hundred seventy-three days must be used for instruction;~~
  - b. ~~Three days must be used for holidays, as selected by the school board in consultation with district teachers from the list provided for in subdivisions b through j of subsection 1 of section 15.1-06-02;~~
  - c. ~~Up to two days must be used for:~~
    - (1) ~~Parent teacher conferences; or~~
    - (2) ~~Compensatory time for parent teacher conferences held outside regular school hours; and~~
  - d. ~~Two days must be used for professional development.~~
2. ~~During the 2010-11 school year, a school district shall provide for a school calendar of at least one hundred eighty one days:~~
  - a. ~~One hundred seventy four days must be used for instruction;~~
  - b. ~~Three days must be used for holidays, as selected by the board in consultation with district teachers from the list provided for in subdivisions b through j of subsection 1 of section 15.1-06-02;~~
  - c. ~~Up to two days must be used for:~~
    - (1) ~~Parent teacher conferences; or~~
    - (2) ~~Compensatory time for parent teacher conferences held outside of regular school hours; and~~
  - d. ~~Two days must be used for professional development.~~
3. ~~Beginning with the 2011-12 school year, a~~
  1. ~~A school district shall provide for a school calendar of at least one hundred eighty two days that includes:~~
    - a. ~~One~~At least one ~~hundred seventy-five days must be used for~~of instruction;
    - b. ~~Three days must be used for holidays, as selected by the board in consultation with district teachers from the list provided for in subdivisions b through j of subsection 1 of section 15.1-06-02;~~
    - c. ~~Up to~~No more than two days must be used for:

- (1) Parent-teacher conferences; or
  - (2) Compensatory time for parent-teacher conferences held outside of regular school hours; and
- d. ~~Two days must be used for~~ At least two days of professional development.
- 4-2. a. A day ~~for~~ of professional development must consist of:
- a- (1) Six hours of professional development, exclusive of meals and other breaks, conducted within a single day; ~~or~~
  - b- (2) Six hours of cumulative professional development conducted under the auspices of a professional learning community; or
  - (3) Two four-hour periods of professional development, exclusive of meals and other breaks, conducted over two days.
5. b. If a school district offers a four-hour period of professional development, as permitted in ~~subdivision b of this subsection 4,~~ the school district may schedule instruction during other available hours on that same day and be credited with providing one-half day of instruction to students. This ~~subsection~~ subdivision does not apply unless the one-half day of instruction equals at least one-half of the time required for a full day of instruction, as defined in this section.
6. a. ~~In meeting the requirements for two days of professional development under this section, a school district may require that its teachers attend the North Dakota education association instructional conference and may pay teachers for attending the conference, provided their attendance is verified.~~
- b. ~~In meeting the requirements for two days of professional development under this section, a school district may consider attendance at the North Dakota education association instructional conference to be optional, elect not to pay teachers for attending the instructional conference, and instead direct any resulting savings toward providing alternate professional development opportunities.~~
- e. ~~A school district may not require the attendance of teachers in school or at any school-sponsored, school-directed, school-sanctioned, or school-related activities and may not schedule classroom instruction time nor alternate professional development activities on any day that conflicts with the North Dakota education association instructional conference.~~
7. Beginning with the 2010-11 school year, if a school district elects to provide an optional third day of professional development, the school district shall do so by:
- a. Meeting the requirements for a day of professional development as set forth in subsection 4; ~~or~~
  - b. Shortening four instructional days, for the purpose of providing for two-hour periods of professional development, provided:

- (1) Each instructional day on which such professional development occurs includes at least four hours of instruction for kindergarten and elementary students and four and one-half hours for high school students;
- (2) The instructional time for each course normally scheduled on that day is reduced proportionately or the daily schedule is reconfigured to ensure that the same course is not subject to early dismissal more than one time per school calendar, as a result of this subdivision; and
- (3) All teachers having a class dismissed as a result of this subdivision are required to be in attendance and participate in the professional development.
8. a. If a school's calendar provides for an extension of each schoolday beyond the statutorily required minimum number of hours, and if the extensions when aggregated over an entire school year amount to more than eighty-four hours of additional classroom instruction during the school year, the school is exempt from having to make up six hours of instruction time lost as a result of weather-related closure. In order to make up lost classroom instruction time beyond the six hours, the school must extend its normal school calendar day by at least thirty minutes.
- b. A school that does not qualify under the provisions of this subsection must extend its normal schoolday by at least thirty minutes to make up classroom instruction time lost as a result of weather-related closure.
- e.3. If because of weather a school must dismiss before completing a full day of instruction, the school is responsible for making up only those hours and portions of an hour between the time of early dismissal and the conclusion of a full day of classroom instruction.
- 9.4. For purposes of this section, a full day of instruction consists of:
- a. At least five and one-half hours for kindergarten and elementary students, during which time the students are required to be in attendance for the purpose of receiving curricular instruction; and
- b. At least six hours for high school students, during which time the students are required to be in attendance for the purpose of receiving curricular instruction.

**SECTION 3.** A new section to chapter 15.1-06 of the North Dakota Century Code is created and enacted as follows:

**School district calendar - Limitation.**

1. A school district may not schedule school-sponsored, school-directed, or school-related activities, including instructional time, during any day that the superintendent of public instruction declares is in conflict with a professional development conference directed toward all teachers or all administrators and hosted by an educational organization in this state.
2. The declaration permitted by subsection 1 is limited to two days during a school year.

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

**~~15.1-09-47. (Effective for the first two taxable years beginning after December 31, 2012) Board of education of city of Fargo - Taxing authority.~~**

The board of education of the city of Fargo may levy taxes within the requirements or limitations of this title and title 57.

**~~(Effective after the first two taxable years beginning after December 31, 2012) Board of education of city of Fargo - Taxing authority.~~**

- ~~1. The board of education of the city of Fargo may levy taxes, as necessary for any of the following purposes:
  - a. To purchase, exchange, lease, or improve sites for schools.
  - b. To build, purchase, lease, enlarge, alter, improve, and repair schools and their appurtenances.
  - c. To procure, exchange, improve, and repair school apparatus, books, furniture, and appendages, but not the furnishing of textbooks to any student whose parent is unable to furnish the same.
  - d. To provide fuel.
  - e. To defray the contingent expenses of the board, including the compensation of employees.
  - f. To pay teacher salaries after the application of public moneys, which may by law be appropriated and provided for that purpose.~~
- ~~2. The question of authorizing or discontinuing the unlimited taxing authority of the board of education of the city of Fargo must be submitted to the qualified electors of the Fargo school district at the next regular election upon resolution of the board of education or upon filing with the board a petition containing the signatures of qualified electors of the district equal in number to twenty percent of the individuals enumerated in the most recent school district census. However, if the electors approve a discontinuation of the unlimited taxing authority, their approval of the discontinuation may not affect the tax levy effective for the calendar year in which the election is held. In addition, the minimum levy may not be less than the levy that was in force at the time of the election. The board may increase its levy in accordance with section 57-15-01. If the district experiences growing enrollment, the board may increase the levy by an amount equal to the amount levied the preceding year per student times the number of additional students enrolled during the new year.~~

**SECTION 5. AMENDMENT.** Section 15.1-09-48 of the North Dakota Century Code is amended and reenacted as follows:

**~~15.1-09-48. (Effective for the first two taxable years beginning after December 31, 2012) Board of education of city of Fargo - Tax collection.~~**

- ~~1. The board of education of the city of Fargo may levy taxes within the boundaries of the Fargo public school district and cause the taxes to be~~

collected in the same manner as other city taxes, provided the taxes meet the requirements or limitations of this title and title 57. The business manager of the board of education shall certify the rate for each purpose to the city auditor in time to be added to the annual tax list of the city.

2. The city auditor shall calculate and extend upon the annual assessment roll and tax list any tax levied by the board of education. The tax must be collected in the same manner as other city taxes.
3. If the city council fails to levy any tax for city purposes or fails to cause an assessment roll or tax list to be made, the board of education may make an assessment roll and tax list and submit the roll to the city auditor with a warrant for the collection of the tax. The board of education may cause the tax to be collected in the same manner as other city taxes are collected or as otherwise provided by resolution of the board.

~~(Effective after the first two taxable years beginning after December 31, 2012) Board of education of city of Fargo – Tax collection. The board of education of the city of Fargo has the power to levy taxes within the boundaries of the Fargo public school district and to cause such taxes to be collected in the same manner as other city taxes. The board of education shall cause the rate for each purpose to be certified by the business manager to the city auditor in time to be added to the annual tax list of the city. It is the duty of the city auditor to calculate and extend upon the annual assessment roll and tax list any tax levied by the board of education. The tax must be collected as other city taxes are collected. If the city council fails to levy any tax for city purposes or fails to cause an assessment roll or tax list to be made, the board of education may cause an assessment roll and tax list to be made and submit the roll to the city auditor with a warrant for the collection of the tax. The board of education may cause the tax to be collected in the same manner as other city taxes are collected or as otherwise provided by resolution of the board.~~

**SECTION 6.** Section 15.1-09.1-02.2 of the North Dakota Century Code is created and enacted as follows:

**15.1-09.1-02.2. Regional education association - Review process.**

In order to be eligible for state funding, a regional education association shall participate in and meet the requirements of a review process that is:

1. Designed to raise the quality of services offered by a regional education association to its members, in accordance with this chapter, through a continuous cycle of improvement; and
2. Approved by the superintendent of public instruction.

**SECTION 7.** A new section to chapter 15.1-13 of the North Dakota Century Code is created and enacted as follows:

**Satisfaction survey - Development - Utilization - Report to legislative management.**

1. a. The superintendent of public instruction shall develop an electronic survey instrument that the education standards and practices board shall utilize at the conclusion of all interactions with individuals seeking information or services from the board.

- b. The survey instrument must include references to quality; timeliness; the availability, courtesy, knowledge, and responsiveness of staff; the ease of obtaining information or services; and the cost and value of the interaction.
  - c. The education standards and practices board shall begin to utilize the survey no later than June 1, 2015.
2. The education standards and practices board shall compile the responses and provide reports regarding the results to an interim committee designated by the legislative management at the times and in the manner requested by the committee.
  3. Any expenses incurred by the superintendent of public instruction in developing the survey instrument are the responsibility of the education standards and practices board.

<sup>106</sup> **SECTION 8. AMENDMENT.** Section 15.1-27-03.1 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-27-03.1. (~~Effective July 1, 2013, through June 30, 2015~~) Weighted average daily membership - Determination.**

1. For each school district, the superintendent of public instruction shall multiply by:
  - a. ~~1.00 the number of full-time equivalent students enrolled in a migrant summer program;~~
  - b-a. 1.00 the number of full-time equivalent students enrolled in an extended educational program in accordance with section 15.1-32-17;
  - e-b. 0.60 the number of full-time equivalent students enrolled in a summer education program, including a migrant summer education program;
  - d. ~~0.20 the number of full-time equivalent students enrolled in a home-based education program and monitored by the school district under chapter 15.1-23;~~
  - e-c. ~~0.30~~0.33 the number of full-time equivalent students who:
    - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be least proficient and placed in the first of six categories of proficiency; and
    - (2) Are enrolled in a program of instruction for English language learners;
  - f-d. 0.25 the number of full-time equivalent students under the age of twenty-one enrolled in grades nine through twelve in an alternative high school;
  - g. ~~0.20 the number of full-time equivalent students attending school in a bordering state in accordance with section 15.1-29-04;~~

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<sup>106</sup> Section 15.1-27-03.1 was also amended by section 9 of Senate Bill No. 2031, chapter 137.

h-e. 0-200.22 the number of full-time equivalent students who:

(1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the first of six categories of proficiency and therefore placed in the second of six categories of proficiency; and

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

i-f. 0.20 the number of full-time equivalent students enrolled in a home-based education program and monitored by the school district under chapter 15.1-23;

g. 0.17 the number of full-time equivalent students enrolled in an early childhood special education program;

j-h. 0.15 the number of full-time equivalent students in grades six through eight enrolled in an alternative education program for at least an average of fifteen hours per week;

k-i. 0.10 the number of students enrolled in average daily membership, if the district has fewer than one hundred students enrolled in average daily membership and the district consists of an area greater than two hundred seventy-five square miles [19424.9 hectares], provided that any school district consisting of an area greater than six hundred square miles [155399 hectares] and enrolling fewer than fifty students in average daily membership must be deemed to have an enrollment equal to fifty students in average daily membership;

t-j. 0.082 the number of students enrolled in average daily membership, in order to support the provision of special education services;

m-k. 0.07 the number of full-time equivalent students who:

(1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the second of six categories of proficiency and therefore placed in the third of six categories of proficiency;

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

(3) Have not been in the third of six categories of proficiency for more than three years;

n-l. 0.025 the number of students representing that percentage of the total number of students in average daily membership which is equivalent to the three-year average percentage of students in grades three through eight who are eligible for free or reduced lunches under the Richard B. Russell National School Lunch Act [42 U.S.C. 1751 et seq.];

o. 0-003 the number of students enrolled in average daily membership in each public school in the district that:

- ~~(1) Has acquired and is utilizing the PowerSchool student information system;~~
- ~~(2) Has acquired and is in the process of implementing the PowerSchool student information system; or~~
- ~~(3) Will acquire the PowerSchool student information system during the current school year, provided the acquisition is contractually demonstrated; and~~

~~p.m.~~ 0.002 the number of students enrolled in average daily membership in a school district that is a participating member of a regional education association meeting the requirements of chapter 15.1-09.1.

- 2. The superintendent of public instruction shall determine each school district's weighted average daily membership by adding the products derived under subsection 1 to the district's average daily membership.

**~~(Effective after June 30, 2015) Weighted average daily membership -- Determination.~~**

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

proficiency and therefore placed in the second of six categories of proficiency; and

- (2) Are enrolled in a program of instruction for English language learners;
- i. 0.17 the number of full-time equivalent students enrolled in an early childhood special education program;
- j. 0.10 the number of students enrolled in average daily membership, if the district has fewer than one hundred students enrolled in average daily membership and the district consists of an area greater than two hundred seventy-five square miles [19424.9 hectares], provided that any school district consisting of an area greater than six hundred square miles [155399 hectares] and enrolling fewer than fifty students in average daily membership must be deemed to have an enrollment equal to fifty students in average daily membership;
- k. 0.082 the number of students enrolled in average daily membership, in order to support the provision of special education services;
- l. 0.07 the number of full-time equivalent students who:
- (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the second of six categories of proficiency and therefore placed in the third of six categories of proficiency;
- (2) Are enrolled in a program of instruction for English language learners; and
- (3) Have not been in the third of six categories of proficiency for more than three years;
- m. 0.025 the number of students representing that percentage of the total number of students in average daily membership which is equivalent to the three-year average percentage of students in grades three through eight who are eligible for free or reduced lunches under the Richard B. Russell National School Lunch Act [42 U.S.C. 1751 et seq.];
- n. 0.006 the number of students enrolled in average daily membership in each public school in the district that:
- (1) Has acquired and is utilizing the PowerSchool student information system;
- (2) Has acquired and is in the process of implementing the PowerSchool student information system; or
- (3) Will acquire the PowerSchool student information system during the current school year, provided the acquisition is contractually demonstrated; and

- e. ~~0.004 the number of students enrolled in average daily membership in a school district that is a participating member of a regional education association meeting the requirements of chapter 15.1-09.1.~~
- 2. ~~The superintendent of public instruction shall determine each school district's weighted average daily membership by adding the products derived under subsection 1 to the district's average daily membership.~~

<sup>107</sup> **SECTION 9. AMENDMENT.** Section 15.1-27-03.1 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-27-03.1. (~~Effective July 1, 2013, through June 30, 2015~~) Weighted average daily membership - Determination.**

1. For each school district, the superintendent of public instruction shall multiply by:
  - a. ~~1.00 the number of full-time equivalent students enrolled in a migrant summer program;~~
  - b.a. 1.00 the number of full-time equivalent students enrolled in an extended educational program in accordance with section 15.1-32-17;
  - e.b. 0.60 the number of full-time equivalent students enrolled in a summer education program, including a migrant summer education program;
  - d. ~~0.20 the number of full-time equivalent students enrolled in a home-based education program and monitored by the school district under chapter 15.1-23;~~
  - e.c. ~~0.30~~ 0.40 the number of full-time equivalent students who:
    - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be least proficient and placed in the first of six categories of proficiency; and
    - (2) Are enrolled in a program of instruction for English language learners;
  - d. 0.28 the number of full-time equivalent students who:
    - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the first of six categories of proficiency and therefore placed in the second of six categories of proficiency; and
    - (2) Are enrolled in a program of instruction for English language learners;
  - f.e. 0.25 the number of full-time equivalent students under the age of twenty-one enrolled in grades nine through twelve in an alternative high school;

<sup>107</sup> Section 15.1-27-03.1 was also amended by section 8 of Senate Bill No. 2031, chapter 137.

- ~~g.~~ 0.20 the number of full-time equivalent students attending school in a bordering state in accordance with section 15.1-29-04;
- ~~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 public instruction are determined to be more proficient than students placed in the first of six categories of proficiency and therefore placed in the second of six categories of proficiency; and
  - (2) Are enrolled in a program of instruction for English language learners;
- ~~f.~~ 0.20 the number of full-time equivalent students enrolled in a home-based education program and monitored by the school district under chapter 15.1-23;
- ~~i-g.~~ 0.17 the number of full-time equivalent students enrolled in an early childhood special education program;
- ~~j-h.~~ 0.15 the number of full-time equivalent students in grades six through eight enrolled in an alternative education program for at least an average of fifteen hours per week;
- ~~k-i.~~ 0.10 the number of students enrolled in average daily membership, if the district has fewer than one hundred students enrolled in average daily membership and the district consists of an area greater than two hundred seventy-five square miles [19424.9 hectares], provided that any school district consisting of an area greater than six hundred square miles [155399 hectares] and enrolling fewer than fifty students in average daily membership must be deemed to have an enrollment equal to fifty students in average daily membership;
- ~~l-j.~~ 0.082 the number of students enrolled in average daily membership, in order to support the provision of special education services;
- ~~m-k.~~ 0.07 the number of full-time equivalent students who:
- (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the second of six categories of proficiency and therefore placed in the third of six categories of proficiency;
  - (2) Are enrolled in a program of instruction for English language learners; and
  - (3) Have not been in the third of six categories of proficiency for more than three years;
- ~~n-l.~~ 0.025 the number of students representing that percentage of the total number of students in average daily membership which is equivalent to the three-year average percentage of students in grades three through eight who are eligible for free or reduced lunches under the Richard B. Russell National School Lunch Act [42 U.S.C. 1751 et seq.];

- ~~o. 0.003 the number of students enrolled in average daily membership in each public school in the district that:~~
- ~~(1) Has acquired and is utilizing the PowerSchool student information system;~~
  - ~~(2) Has acquired and is in the process of implementing the PowerSchool student information system; or~~
  - ~~(3) Will acquire the PowerSchool student information system during the current school year, provided the acquisition is contractually demonstrated; and~~
- ~~p.m. 0.002 the number of students enrolled in average daily membership in a school district that is a participating member of a regional education association meeting the requirements of chapter 15.1-09.1.~~
2. The superintendent of public instruction shall determine each school district's weighted average daily membership by adding the products derived under subsection 1 to the district's average daily membership.

**~~(Effective after June 30, 2015) Weighted average daily membership Determination.~~**

1. For each school district, the superintendent of public instruction shall multiply by:
  - a. ~~1.00 the number of full-time equivalent students enrolled in a migrant summer program;~~
  - b. ~~1.00 the number of full-time equivalent students enrolled in an extended educational program in accordance with section 15.1-32-17;~~
  - c. ~~0.60 the number of full-time equivalent students enrolled in a summer education program;~~
  - d. ~~0.50 the number of full-time equivalent students enrolled in a home-based education program and monitored by the school district under chapter 15.1-23;~~
  - e. ~~0.30 the number of full-time equivalent students who:~~
    - ~~(1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be least proficient and placed in the first of six categories of proficiency; and~~
    - ~~(2) Are enrolled in a program of instruction for English language learners;~~
  - f. ~~0.25 the number of full-time equivalent students enrolled in an alternative high school;~~
  - g. ~~0.20 the number of full-time equivalent students attending school in a bordering state in accordance with section 15.1-29-04;~~
  - h. ~~0.20 the number of full-time equivalent students who:~~

- (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the first of six categories of proficiency and therefore placed in the second of six categories of proficiency; and
- (2) Are enrolled in a program of instruction for English language learners;
- i. 0.17 the number of full-time equivalent students enrolled in an early childhood special education program;
- j. 0.10 the number of students enrolled in average daily membership, if the district has fewer than one hundred students enrolled in average daily membership and the district consists of an area greater than two hundred seventy-five square miles [19424.9 hectares], provided that any school district consisting of an area greater than six hundred square miles [155399 hectares] and enrolling fewer than fifty students in average daily membership must be deemed to have an enrollment equal to fifty students in average daily membership;
- k. 0.082 the number of students enrolled in average daily membership, in order to support the provision of special education services;
- l. 0.07 the number of full-time equivalent students who:
- (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the second of six categories of proficiency and therefore placed in the third of six categories of proficiency;
- (2) Are enrolled in a program of instruction for English language learners; and
- (3) Have not been in the third of six categories of proficiency for more than three years;
- m. 0.025 the number of students representing that percentage of the total number of students in average daily membership which is equivalent to the three-year average percentage of students in grades three through eight who are eligible for free or reduced lunches under the Richard B. Russell National School Lunch Act [42 U.S.C. 1751 et seq.];
- n. 0.006 the number of students enrolled in average daily membership in each public school in the district that:
- (1) Has acquired and is utilizing the PowerSchool student information system;
- (2) Has acquired and is in the process of implementing the PowerSchool student information system; or
- (3) Will acquire the PowerSchool student information system during the current school year, provided the acquisition is contractually demonstrated; and

- ~~e. 0.004 the number of students enrolled in average daily membership in a school district that is a participating member of a regional education association meeting the requirements of chapter 15.1-09.1.~~
2. ~~The superintendent of public instruction shall determine each school district's weighted average daily membership by adding the products derived under subsection 1 to the district's average daily membership.~~

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

**15.1-27-03.2. (~~Effective through June 30, 2015~~) School district size weighting factor - Weighted student units.**

1. For each high school district in the state, the superintendent of public instruction shall assign a school district size weighting factor of:
- a. 1.36 if the students in average daily membership number fewer than 110;
  - b. 1.35 if the students in average daily membership number at least 110 but fewer than 125;
  - b-c. 1.34 if the students in average daily membership number at least 125 but fewer than 130;
  - e-d. 1.33 if the students in average daily membership number at least 130 but fewer than 135;
  - d-e. 1.32 if the students in average daily membership number at least 135 but fewer than 140;
  - e-f. 1.31 if the students in average daily membership number at least 140 but fewer than 145;
  - f-g. 1.30 if the students in average daily membership number at least 145 but fewer than 150;
  - g-h. 1.29 if the students in average daily membership number at least 150 but fewer than 155;
  - h-i. 1.28 if the students in average daily membership number at least 155 but fewer than 160;
  - i-j. 1.27 if the students in average daily membership number at least 160 but fewer than 165;
  - j-k. 1.26 if the students in average daily membership number at least 165 but fewer than 175;
  - k-l. 1.25 if the students in average daily membership number at least 175 but fewer than 185;
  - l-m. 1.24 if the students in average daily membership number at least 185 but fewer than 200;

- m-n. 1.23 if the students in average daily membership number at least 200 but fewer than 215;
- n-o. 1.22 if the students in average daily membership number at least 215 but fewer than 230;
- o-p. 1.21 if the students in average daily membership number at least 230 but fewer than 245;
- p-q. 1.20 if the students in average daily membership number at least 245 but fewer than 260;
- q-r. 1.19 if the students in average daily membership number at least 260 but fewer than 270;
- r-s. 1.18 if the students in average daily membership number at least 270 but fewer than 275;
- s-t. 1.17 if the students in average daily membership number at least 275 but fewer than 280;
- t-u. 1.16 if the students in average daily membership number at least 280 but fewer than 285;
- u-v. 1.15 if the students in average daily membership number at least 285 but fewer than 290;
- v-w. 1.14 if the students in average daily membership number at least 290 but fewer than 295;
- w-x. 1.13 if the students in average daily membership number at least 295 but fewer than 300;
- x-y. 1.12 if the students in average daily membership number at least 300 but fewer than 305;
- y-z. 1.11 if the students in average daily membership number at least 305 but fewer than 310;
- z-aa. 1.10 if the students in average daily membership number at least 310 but fewer than 320;
- aa-bb. 1.09 if the students in average daily membership number at least 320 but fewer than 335;
- bb-cc. 1.08 if the students in average daily membership number at least 335 but fewer than 350;
- cc-dd. 1.07 if the students in average daily membership number at least 350 but fewer than 360;
- dd-ee. 1.06 if the students in average daily membership number at least 360 but fewer than 370;
- ee-ff. 1.05 if the students in average daily membership number at least 370 but fewer than 380;

- ~~ff-gg.~~ 1.04 if the students in average daily membership number at least 380 but fewer than 390;
  - ~~gg-hh.~~ 1.03 if the students in average daily membership number at least 390 but fewer than 400;
  - ~~hh-ii.~~ 1.02 if the students in average daily membership number at least 400 but fewer than 600;
  - ~~ii-jj.~~ 1.01 if the students in average daily membership number at least 600 but fewer than 900; and
  - ~~jj-kk.~~ 1.00 if the students in average daily membership number at least 900.
2. For each elementary district in the state, the superintendent of public instruction shall assign a weighting factor of:
    - a. 1.25 if the students in average daily membership number fewer than 125;
    - b. 1.17 if the students in average daily membership number at least 125 but fewer than 200; and
    - c. 1.00 if the students in average daily membership number at least 200.
  3. The school district size weighting factor determined under this section and multiplied by a school district's weighted average daily membership equals the district's weighted student units.
  4. Notwithstanding the provisions of this section, the school district size weighting factor assigned to a district may not be less than the factor arrived at when the highest number of students possible in average daily membership is multiplied by the school district size weighting factor for the subdivision immediately preceding the district's actual subdivision and then divided by the district's average daily membership.

~~(Effective after June 30, 2015) School district size weighting factor --  
Weighted student units.~~

- ~~1. For each high school district in the state, the superintendent of public instruction shall assign a school district size weighting factor of:~~
  - ~~a. 1.25 if the students in average daily membership number fewer than 185;~~
  - ~~b. 1.24 if the students in average daily membership number at least 185 but fewer than 200;~~
  - ~~c. 1.23 if the students in average daily membership number at least 200 but fewer than 215;~~
  - ~~d. 1.22 if the students in average daily membership number at least 215 but fewer than 230;~~
  - ~~e. 1.21 if the students in average daily membership number at least 230 but fewer than 245;~~

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- f. 1.20 if the students in average daily membership number at least 245 but fewer than 260;
  - g. 1.19 if the students in average daily membership number at least 260 but fewer than 270;
  - h. 1.18 if the students in average daily membership number at least 270 but fewer than 275;
  - i. 1.17 if the students in average daily membership number at least 275 but fewer than 280;
  - j. 1.16 if the students in average daily membership number at least 280 but fewer than 285;
  - k. 1.15 if the students in average daily membership number at least 285 but fewer than 290;
  - l. 1.14 if the students in average daily membership number at least 290 but fewer than 295;
  - m. 1.13 if the students in average daily membership number at least 295 but fewer than 300;
  - n. 1.12 if the students in average daily membership number at least 300 but fewer than 305;
  - o. 1.11 if the students in average daily membership number at least 305 but fewer than 310;
  - p. 1.10 if the students in average daily membership number at least 310 but fewer than 320;
  - q. 1.09 if the students in average daily membership number at least 320 but fewer than 335;
  - r. 1.08 if the students in average daily membership number at least 335 but fewer than 350;
  - s. 1.07 if the students in average daily membership number at least 350 but fewer than 360;
  - t. 1.06 if the students in average daily membership number at least 360 but fewer than 370;
  - u. 1.05 if the students in average daily membership number at least 370 but fewer than 380;
  - v. 1.04 if the students in average daily membership number at least 380 but fewer than 390;
  - w. 1.03 if the students in average daily membership number at least 390 but fewer than 400;
  - x. 1.02 if the students in average daily membership number at least 400 but fewer than 600;

- y. ~~1.01 if the students in average daily membership number at least 600 but fewer than 900; and~~
- z. ~~1.00 if the students in average daily membership number at least 900.~~
- 2. ~~For each elementary district in the state, the superintendent of public instruction shall assign a weighting factor of:~~
  - a. ~~1.25 if the students in average daily membership number fewer than 125;~~
  - b. ~~1.17 if the students in average daily membership number at least 125 but fewer than 200; and~~
  - c. ~~1.00 if the students in average daily membership number at least 200.~~
- 3. ~~The school district size weighting factor determined under this section and multiplied by a school district's weighted average daily membership equals the district's weighted student units.~~
- 4. ~~Notwithstanding the provisions of this section, the school district size weighting factor assigned to a district may not be less than the factor arrived at when the highest number of students possible in average daily membership is multiplied by the school district size weighting factor for the subdivision immediately preceding the district's actual subdivision and then divided by the district's average daily membership.~~

**SECTION 11. AMENDMENT.** Section 15.1-27-04.1 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-27-04.1. (~~Effective through June 30, 2015~~) Baseline funding - Establishment - Determination of state aid.**

- 1. In order to determine the amount of state aid payable to each district, the superintendent of public instruction shall establish each district's baseline funding. A district's baseline funding consists of:
  - a. All state aid received by the district in accordance with chapter 15.1-27 during the 2012-13 school year;
  - b. The district's 2012-13 mill levy reduction grant, as determined in accordance with chapter 57-64, as it existed on June 30, 2013;
  - c. An amount equal to that raised by the district's 2012 general fund levy or that raised by one hundred ten mills of the district's 2012 general fund levy, whichever is less;
  - d. An amount equal to that raised by the district's 2012 long-distance learning and educational technology levy;
  - e. An amount equal to that raised by the district's 2012 alternative education program levy; and
  - f. An amount equal to:
    - (1) Seventy-five percent of all revenue received by the school district and reported under code 2000 of the North Dakota school district financial

- accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08;
- (2) Seventy-five percent of all mineral revenue received by the school district through direct allocation from the state treasurer and not reported under code 2000 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08;
  - (3) Seventy-five percent of all tuition received by the school district and reported under code 1300 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08, with the exception of revenue received specifically for the operation of an educational program provided at a residential treatment facility and tuition received for the provision of an adult farm management program;
  - (4) Seventy-five percent of all revenue received by the school district from payments in lieu of taxes on the distribution and transmission of electric power;
  - (5) Seventy-five percent of all revenue received by the school district from payments in lieu of taxes on electricity generated from sources other than coal;
  - (6) All revenue received by the school district from mobile home taxes;
  - (7) Seventy-five percent of all revenue received by the school district from the leasing of land acquired by the United States for which compensation is allocated to the state under 33 U.S.C. 701(c)(3);
  - (8) All telecommunications tax revenue received by the school district; and
  - (9) All revenue received by the school district from payments in lieu of taxes and state reimbursement of the homestead credit and disabled veterans credit.
2. The superintendent shall divide the district's total baseline funding by the district's 2012-13 weighted student units in order to determine the district's baseline funding per weighted student unit.
  3. a. ~~In 2013-14, the superintendent shall multiply the district's weighted student units by eight thousand eight hundred ten dollars.~~
    - (1) ~~The superintendent shall adjust the product to ensure that the product is at least equal to the greater of:~~
      - (a) ~~One hundred two percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's 2013-14 weighted student units; or~~
      - (b) ~~One hundred percent of the district's baseline funding as established in subsection 1.~~

- (2) ~~The superintendent shall also adjust the product to ensure that the product does not exceed one hundred ten percent of the district's baseline funding per weighted student unit multiplied by the district's 2013-14 weighted student units, as established in subsection 2.~~
- b. ~~In 2014-15, the superintendent shall multiply the district's weighted student units by nine thousand ninety-two dollars.~~
- (1) ~~The superintendent shall adjust the product to ensure that the product is at least equal to the greater of:~~
- (a) ~~One hundred four percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's 2014-15 weighted student units; or~~
- (b) ~~One hundred percent of the district's baseline funding as established in subsection 1.~~
- (2) ~~The superintendent shall also adjust the product to ensure that the product does not exceed one hundred twenty percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's 2014-15 weighted student units.~~
3. a. In 2015-16, the superintendent shall multiply the district's weighted student units by nine thousand three hundred sixty-five dollars.
- (1) The superintendent shall adjust the product to ensure that the product is at least equal to the greater of:
- (a) One hundred six percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's 2013-14 weighted student units; or
- (b) One hundred percent of the district's baseline funding as established in subsection 1.
- (2) The superintendent shall also adjust the product to ensure that the product does not exceed one hundred thirty percent of the district's baseline funding per weighted student unit multiplied by the district's 2013-14 weighted student units, as established in subsection 2.
- b. In 2016-17, the superintendent shall multiply the district's weighted student units by nine thousand six hundred forty-six dollars.
- (1) The superintendent shall adjust the product to ensure that the product is at least equal to the greater of:
- (a) One hundred eight percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's 2014-15 weighted student units; or
- (b) One hundred percent of the district's baseline funding as established in subsection 1.

- (2) The superintendent shall also adjust the product to ensure that the product does not exceed one hundred forty percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's 2014-15 weighted student units.
4. After determining the product in accordance with subsection 3, the superintendent of public instruction shall:
    - a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the school district, provided that after 2013, the amount in dollars subtracted for purposes of this subdivision may not exceed the previous year's amount in dollars subtracted for purposes of this subdivision by more than twelve percent; and
    - b. Subtract an amount equal to seventy-five percent of all revenues listed in paragraphs 1 through 5, and 7 of subdivision f of subsection 1 and one hundred percent of all revenues listed in paragraphs 6, 8, and 9 of subdivision f of subsection 1.
  5. The amount remaining after the computation required under subsection 4 is the amount of state aid to which a school district is entitled, subject to any other statutory requirements or limitations.

**SECTION 12. AMENDMENT.** Section 15.1-27-04.2 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-27-04.2. (Effective through June 30, 2015) State aid - Minimum local effort - Determination.**

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

**SECTION 13. AMENDMENT.** Section 15.1-27-23 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-27-23. Weather or other emergency conditions - Closure of schools - State aid payments to school districts.**

1. ~~If because of severe weather or other emergency conditions a public school or school district remains closed or provides less than a full day of instruction, The board of each school district shall include in the school calendar days that may be used for the rescheduling of instructional time lost as a result of severe weather or other emergency conditions.~~
2. a. The number of days required under subsection 1 must equal the average number of days per school year, as calculated using the previous five school years, during which the school district remained closed or provided less than a full day of instruction because of severe weather or other emergency conditions.
  - b. The number of days determined under subdivision a may be included within the calendar no earlier than the month of January.

3. If the number of days during which a public school or school district is closed or provides less than a full day of instruction exceeds the number of days determined under subdivision a of subsection 2, the public school or school district shall make every effort to reschedule the remaining classes, so that students receive at least the number of full instructional days required by section 15.1-06-04 or an equivalent period of instructional time, as determined by the superintendent of public instruction.
- 2.4. Any public school or school district for which the rescheduling of classes would create undue hardship may request that, for purposes of calculating state aid payments to the school district, the governor waive the rescheduling in whole or in part.
- 3.5. The governor may not grant a waiver for less than a full day of instruction. However, if a public school or school district closes for only a portion of its regular schoolday, the hours during which the school or school district is closed may be added together to determine the number of additional full days of instruction that may be waived under this section.

**SECTION 14. AMENDMENT.** Section 15.1-27-35.3 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-27-35.3. (~~Effective through June 30, 2015~~) Payments to school districts - Unobligated general fund balance.**

1. a. The superintendent of public instruction shall determine the amount of payments due a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is ~~in excess of forty-five percent of its actual expenditures, plus twenty thousand dollars.~~
  - b. ~~Beginning July 1, 2015, the superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of forty percent of its actual expenditures, plus twenty thousand dollars.~~
  - e.b. Beginning July 1, 2017, the superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of thirty-five percent of its actual expenditures, plus twenty thousand dollars.
2. ~~In making the determination required by subsection 1, the superintendent of public instruction may not include in a district's unobligated general fund balance any moneys that were received by the district from the federal education jobs fund program.~~
- 3.2. For purposes of this section, a district's unobligated general fund balance includes all moneys in the district's miscellaneous fund, as established under section 57-15-14.2.

**(~~Effective after June 30, 2015~~) Payments to school districts -- Unobligated general fund balance.**

1. ~~The superintendent of public instruction shall determine the amount of payments due a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of forty five percent of its actual expenditures, plus twenty thousand dollars.~~
2. ~~In making the determination required by subsection 1, the superintendent of public instruction may not include in a district's unobligated general fund balance any moneys that were received by the district from the federal education jobs fund program.~~

<sup>108</sup> **SECTION 15. AMENDMENT.** Section 15.1-27-45 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-27-45. (Effective through June 30, 2015) Property tax relief fund.**

1. a. ~~The property tax relief fund is a special fund in the state treasury. On July 1, 2013, the state treasurer shall change the name of the property tax relief sustainability fund established under section 57-64-05 to the property tax relief fund, as established by this section, and any unobligated balance in the property tax relief sustainability fund must be retained in the property tax relief fund.~~
- b. ~~The legislative council shall change the name of the property tax relief sustainability fund to the property tax relief fund in the North Dakota Century Code, in its supplements, and in all statutory compilations generated as a result of action by the sixty third legislative assembly.~~
2. Moneys in the property tax relief fund may be expended pursuant to legislative appropriations for property tax relief programs.
3. On or before the third Monday in each January, February, March, April, August, September, October, November, and December, the office of management and budget shall certify to the superintendent of public instruction the amount of the property tax relief fund. The superintendent shall include the amount certified in determining the state aid payments to which each school district is entitled under chapter 15.1-27.

**SECTION 16. AMENDMENT.** Section 15.1-30-04 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-30-04. (Effective for the first two taxable years beginning after December 31, 2012) Provision of meals and lodging for high school students - Payment permitted.**

Instead of providing transportation so that an eligible high school student residing in the district can attend school in another district, a school board may pay a reasonable allowance to the student's parent for costs incurred in the provision of meals and lodging for the student at a location other than the student's residence.

~~(Effective after the first two taxable years beginning after December 31, 2012) Provision of meals and lodging for high school students - Payment permitted - Levy.~~ Instead of providing transportation so that an eligible high school

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<sup>108</sup> Section 15.1-27-45 was repealed by section 7 of House Bill No. 1377, chapter 467.

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

<sup>109</sup> **SECTION 17. AMENDMENT.** Section 15.1-36-02 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-36-02. (Effective through June 30, 2015) School construction projects - Loans.**

1. In order to provide school construction loans, the board of university and school lands may authorize the use of:
  - a. Fifty million dollars, or so much of that amount as may be necessary, from the coal development trust fund, established pursuant to section 21 of article X of the Constitution of North Dakota and subsection 1 of section 57-62-02; and
  - b. One hundred fifty million dollars from the strategic investment and improvements fund, established pursuant to section 15-08.1-08, for the period ending June 30, 2015.
2. In order to be eligible for a loan under this section, the board of a school district shall:
  - a. Propose a construction project with a cost of at least one million dollars and an expected utilization of at least thirty years;
  - b. Obtain the approval of the superintendent of public instruction for the construction project under section 15.1-36-01; and
  - c. Submit to the superintendent of public instruction an application containing all information deemed necessary by the superintendent, including potential alternative sources or methods of financing the construction project.
3. If an eligible school district's taxable valuation per student is less than eighty percent of the state average taxable valuation per student, the district is entitled to receive:
  - a. A school construction loan equal to the lesser of twenty million dollars or ninety percent of the actual project cost;
  - b. An interest rate discount equal to at least one hundred but not more than four hundred basis points below the prevailing tax-free bond rates; and
  - c. A term of repayment that may extend up to twenty years.

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<sup>109</sup> Section 15.1-36-02 was also amended by section 4 of Senate Bill No. 2039, chapter 153.

4. If an eligible school district's taxable valuation per student is equal to at least eighty percent but less than ninety percent of the state average taxable valuation per student, the district is entitled to receive:
  - a. A school construction loan equal to the lesser of fifteen million dollars or eighty percent of the actual project cost;
  - b. An interest rate buydown equal to at least one hundred but not more than three hundred fifty basis points below the prevailing tax-free bond rates; and
  - c. A term of repayment that may extend up to twenty years.
5. If an eligible school district's taxable valuation per student is equal to at least ninety percent of the state average taxable valuation per student, the district is entitled to receive:
  - a. A school construction loan equal to the lesser of ten million dollars or seventy percent of the actual project cost;
  - b. An interest rate discount equal to at least one hundred but not more than three hundred basis points below the prevailing tax-free bond rates; and
  - c. A term of repayment that may extend up to twenty years.
6. The board of a school district may submit its loan application to the superintendent of public instruction before or after receiving authorization of a bond issue in accordance with chapter 21-03. If the vote to authorize a bond issue precedes the application for a loan, the application must be acted upon by the superintendent expeditiously but no later than one hundred eighty days from the date it is received by the superintendent.
7. The superintendent of public instruction shall consider each loan application in the order it received approval under section 15.1-36-01.
8. If the superintendent of public instruction approves the loan, the superintendent may determine the loan amount, the term of the loan, and the interest rate, in accordance with the requirements of this section. A school district's interest rate may not be less than one percent, regardless of any rate discount for which the district might otherwise qualify under this section.
9.
  - a. If a school district seeking a loan under this section received an allocation of the oil and gas gross production tax during the previous fiscal year in accordance with chapter 57-51, the board of the district shall provide to the board of university and school lands, and to the state treasurer, its evidence of indebtedness indicating that the loan originated under this section.
  - b. If the evidence of indebtedness is payable solely from the school district's allocation of the oil and gas gross production tax in accordance with section 57-51-15, the loan does not constitute a general obligation of the school district and may not be considered a debt of the district.
  - c. If a loan made to a school district is payable solely from the district's allocation of the oil and gas gross production tax in accordance with

section 57-51-15, the terms of the loan must require that the state treasurer withhold the dollar amount or percentage specified in the loan agreement, from each of the district's oil and gas gross production tax allocations, in order to repay the principal and interest of the evidence of indebtedness. The state treasurer shall deposit the amount withheld into the fund from which the loan originated.

- d. Any evidence of indebtedness executed by the board of a school district under this subsection is a negotiable instrument and not subject to taxation by the state or any political subdivision of the state.
10. For purposes of this section, a "construction project" means the purchase, lease, erection, or improvement of any structure or facility by a school board, provided the acquisition or activity is within a school board's authority.

**(Effective after June 30, 2015) School construction projects – Loans.**

- ~~1. The board of university and school lands may authorize the use of moneys in the coal development trust fund established pursuant to section 21 of article X of the Constitution of North Dakota and subsection 1 of section 57-62-02 to provide school construction loans, as described in this chapter. The outstanding principal balance of loans under this chapter may not exceed fifty million dollars. The board may adopt policies and rules governing school construction loans.~~
- ~~2. In order to be eligible for a loan under this section, the board of a school district shall:~~
  - ~~a. Propose a construction project with a cost of at least one million dollars and an expected utilization of at least thirty years;~~
  - ~~b. Obtain the approval of the superintendent of public instruction for the construction project under section 15.1-36-01; and~~
  - ~~c. Submit to the superintendent of public instruction an application containing all information deemed necessary by the superintendent, including potential alternative sources or methods of financing the construction project.~~
- ~~3. The superintendent of public instruction shall give priority to any district that meets the requirements for receipt of an equity payment under section 15.1-27-11.~~
- ~~4. If an eligible school district's imputed taxable valuation per student is less than eighty percent of the state average imputed valuation per student, the district is entitled to receive:~~
  - ~~a. A school construction loan equal to the lesser of twelve million dollars or eighty percent of the actual project cost;~~
  - ~~b. An interest rate discount equal to at least one hundred but not more than two hundred fifty basis points below the prevailing tax-free bond rates; and~~
  - ~~c. A term of repayment that may extend up to twenty years.~~

5. If an eligible school district's imputed taxable valuation per student is equal to at least eighty percent but less than ninety percent of the state average imputed taxable valuation per student, the district is entitled to receive:
  - a. A school construction loan equal to the lesser of ten million dollars or seventy percent of the actual project cost;
  - b. An interest rate buydown equal to at least one hundred but not more than two hundred fifty basis points below the prevailing tax-free bond rates; and
  - c. A term of repayment that may extend up to twenty years.
6. If an eligible school district's imputed taxable valuation per student is equal to at least ninety percent of the state average imputed taxable valuation per student, the district is entitled to receive:
  - a. A school construction loan equal to the lesser of four million dollars or thirty percent of the actual project cost;
  - b. An interest rate discount equal to at least one hundred but not more than two hundred fifty basis points below the prevailing tax-free bond rates; and
  - c. A term of repayment that may extend up to twenty years.
7. The board of a school district may submit its loan application to the superintendent of public instruction before or after receiving authorization of a bond issue in accordance with chapter 21-03. If the vote to authorize a bond issue precedes the application for a loan, the application must be acted upon by the superintendent expeditiously but no later than one hundred eighty days from the date it is received by the superintendent.
8. The superintendent of public instruction shall consider each loan application in the order it received approval under section 15.1-36-01.
9. If the superintendent of public instruction approves the loan, the superintendent may determine the loan amount, the term of the loan, and the interest rate, in accordance with the requirements of this section.
10. The superintendent of public instruction may adopt rules governing school construction loans.
11. For purposes of this section, a construction project means the purchase, lease, erection, or improvement of any structure or facility by a school board, provided the acquisition or activity is within a school board's authority.

<sup>110</sup> **SECTION 18. AMENDMENT.** Section 40-55-08 of the North Dakota Century Code is amended and reenacted as follows:

**40-55-08. (Effective for the first two taxable years beginning after December 31, 2012) Election to determine desirability of establishing recreation system - How called.**

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<sup>110</sup> Section 40-55-08 was also amended by section 54 of Senate Bill No. 2144, chapter 439.

1. The governing body of any municipality, school district, or park district to which this chapter is applicable, may and upon receipt of a petition signed by at least ten qualified electors but not less than five percent of those qualified electors who voted at the last general election of the municipality, school district, or park district, shall submit to the qualified electors the question of the establishment, maintenance, and conduct of a public recreation system, and except in the case of a school district, the levying of an annual tax for the conduct and maintenance thereof of not more than two and five-tenths mills on each dollar of taxable valuation of all taxable property within the corporate limits or boundaries of such municipality or park district, to be voted upon at the next general election or special municipal election; ~~provided, however, that such~~.
2. ~~The questions referenced in subsection 1 may not be voted upon at the next general election unless such action of the governing body shall be taken, or such a petition to submit such the question shall be filed, thirty days prior to the date of such the election.~~
3. A school district may provide for the establishment, maintenance, and conduct of a public recreation system using the proceeds of levies, as permitted by section 57-15-14.2.

~~(Effective after the first two taxable years beginning after December 31, 2012) Election to determine desirability of establishing recreation system - How called.~~ The governing body of any municipality, school district, or park district to which this chapter is applicable, may and upon receipt of a petition signed by at least ten qualified electors but not less than five percent of those qualified electors who voted at the last general election of the municipality, school district, or park district, shall submit to the qualified electors the question of the establishment, maintenance, and conduct of a public recreation system, and except in the case of a school district, the levying of an annual tax for the conduct and maintenance thereof of not more than two and five-tenths mills on each dollar of taxable valuation of all taxable property within the corporate limits or boundaries of such municipality or park district, to be voted upon at the next general election or special municipal election; ~~provided, however, that such questions may not be voted upon at the next general election unless such action of the governing body shall be taken, or such petition to submit such question shall be filed thirty days prior to the date of such election.~~ A school district may levy a tax for the establishment, maintenance, and conduct of a public recreation system pursuant to subdivision q of subsection 1 of section 57-15-14.2.

<sup>111</sup> **SECTION 19. AMENDMENT.** Section 40-55-09 of the North Dakota Century Code is amended and reenacted as follows:

**40-55-09. (Effective for the first two taxable years beginning after December 31, 2012) Favorable vote at election - Procedure.**

1. Except in the case of a school district or park district, upon adoption of the public recreation system proposition at an election, by a majority of the votes cast upon the proposition, the governing body of the municipality, by resolution or ordinance, shall provide for the establishment, maintenance, and conduct of a public recreation system, ~~and~~.

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<sup>111</sup> Section 40-55-09 was also amended by section 55 of Senate Bill No. 2144, chapter 439.

2. The governing body of the municipality shall thereafter levy and collect annually a tax of not more than two and five-tenths mills, or not more than eight and five-tenths mills if authorized as provided by this section, on each dollar of the taxable valuation of all taxable property within the corporate limits or boundaries of the municipality. This tax is in addition to the maximum of taxes permitted to be levied in such municipality.
3. The mill levy authorized by this section may be raised to not more than eight and five-tenths mills when the increase is approved by the citizens of the municipality, after submission of the question in the same manner as provided in section 40-55-08 for the establishment of the public recreation system.
4. The governing body of the municipality shall continue to levy the tax annually for public recreation purposes, until the qualified voters, at a regular or special election, by a majority vote on the proposition, decide to discontinue the levy.
5. The governing body of the municipality may appropriate additional funds for the operation of the public recreation system if, in the opinion of the governing body, additional funds are needed for the efficient operation thereof of the system.
6. This chapter does not limit the power of any municipality, school district, or park district to appropriate, on its own initiative, general municipal, school district, or park district tax funds for the operation of a public recreation system, a community center, or character-building facility.
7. A park district may levy a tax annually within the general fund levy authority of section 57-15-12 for the conduct and maintenance of a public recreation system.

~~(Effective after the first two taxable years beginning after December 31, 2012) Favorable vote at election – Procedure.~~ Except in the case of a school district or park district, upon adoption of the public recreation system proposition at an election by a majority of the votes cast upon the proposition, the governing body of the municipality, by resolution or ordinance, shall provide for the establishment, maintenance, and conduct of a public recreation system, and thereafter levy and collect annually a tax of not more than two and five-tenths mills, or not more than eight and five-tenths mills if authorized as provided by this section, on each dollar of the taxable valuation of all taxable property within the corporate limits or boundaries of the municipality. This tax is in addition to the maximum of taxes permitted to be levied in such municipality. The mill levy authorized by this section may be raised to not more than eight and five-tenths mills when the increase is approved by the citizens of the municipality after submission of the question in the same manner as provided in section 40-55-08 for the establishment of the public recreation system. The governing body of the municipality shall continue to levy the tax annually for public recreation purposes until the qualified voters, at a regular or special election, by a majority vote on the proposition, decide to discontinue the levy. The governing body of the municipality may appropriate additional funds for the operation of the public recreation system if in the opinion of the governing body additional funds are needed for the efficient operation thereof. This chapter does not limit the power of any municipality, school district, or park district to appropriate on its own initiative general municipal, school district, or park district tax funds for the operation of a public recreation system, a community center, or character-building facility. A school district may levy a tax annually for the conduct and maintenance of a public recreation system pursuant to subdivision q of subsection 1 of section 57-15-14.2. A park district

~~may levy a tax annually within the general fund levy authority of section 57-15-12 for the conduct and maintenance of a public recreation system.~~

<sup>112</sup> **SECTION 20. AMENDMENT.** Section 57-15-01.1 of the North Dakota Century Code is amended and reenacted as follows:

**57-15-01.1. (~~Effective for the first two taxable years beginning after December 31, 2012~~) Protection of taxpayers and taxing districts.**

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

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

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<sup>112</sup> Section 57-15-01.1 was also amended by section 67 of Senate Bill No. 2144, chapter 439, and section 9 of Senate Bill No. 2206, chapter 329.

- a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.
  - b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.
  - c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district. For purposes of this subdivision, an expired temporary mill levy increase does not include a school district general fund mill rate exceeding one hundred ten mills which has expired or has not received approval of electors for an extension under subsection 2 of section 57-64-03.
  - d. If the base year is a taxable year before 2013, reduced by the amount of state aid under chapter 15.1-27, which is determined by multiplying the budget year taxable valuation of the school district by the lesser of:
    - (1) The base year mill rate of the school district minus sixty mills; or
    - (2) Fifty mills.
4. In addition to any other levy limitation factor under this section, a taxing district may increase its levy in dollars to reflect new or increased mill levies authorized by the legislative assembly or authorized by the electors of the taxing district.
  5. Under this section a taxing district may supersede any applicable mill levy limitations otherwise provided by law, or a taxing district may levy up to the mill levy limitations otherwise provided by law without reference to this section, but the provisions of this section do not apply to the following:
    - a. Any irrevocable tax to pay bonded indebtedness levied pursuant to section 16 of article X of the Constitution of North Dakota.
    - b. The one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.
  6. A school district choosing to determine its levy authority under this section may apply subsection 3 only to the amount in dollars levied for general fund purposes under section 57-15-14 or, if the levy in the base year included separate general fund and special fund levies under sections 57-15-14 and 57-15-14.2, the school district may apply subsection 3 to the total amount levied in dollars in the base year for both the general fund and special fund accounts. School district levies under any section other than section 57-15-14 may be made within applicable limitations but those levies are not subject to subsection 3.

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

~~(Effective after the first two taxable years beginning after December 31, 2012) Protection of taxpayers and taxing districts.~~ Each taxing district may levy the lesser of the amount in dollars as certified in the budget of the governing body, or the amount in dollars as allowed in this section, subject to the following:

1. No taxing district may levy more taxes expressed in dollars than the amounts allowed by this section.
2. For purposes of this section:
  - a. "Base year" means the taxing district's taxable year with the highest amount levied in dollars in property taxes of the three taxable years immediately preceding the budget year. For a park district general fund, the "amount levied in dollars in property taxes" is the sum of amounts levied in dollars in property taxes for the general fund under section 57-15-12 including any additional levy approved by the electors, the insurance reserve fund under section 32-12-1-08, the employee health care program under section 40-49-12, the public recreation system under section 40-55-09 including any additional levy approved by the electors, forestry purposes under section 57-15-12.1 except any additional levy approved by the electors, pest control under section 4-33-11, and handicapped person programs and activities under section 57-15-60;
  - b. "Budget year" means the taxing district's year for which the levy is being determined under this section;
  - c. "Calculated mill rate" means the mill rate that results from dividing the base year taxes levied by the sum of the taxable value of the taxable property in the base year plus the taxable value of the property exempt by local discretion or charitable status, calculated in the same manner as the taxable property; and
  - d. "Property exempt by local discretion or charitable status" means property exempted from taxation as new or expanding businesses under chapter 40-57.1; improvements to property under chapter 57-02.2; or buildings belonging to institutions of public charity, new single-family residential or townhouse or condominium property, property used for early childhood services, or pollution abatement improvements under section 57-02-08.
3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:
  - a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.

- ~~b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.~~
  - ~~c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district. For purposes of this subdivision, an expired temporary mill levy increase does not include a school district general fund mill rate exceeding one hundred ten mills which has expired or has not received approval of electors for an extension under subsection 2 of section 57-64-03.~~
  - ~~d. Increased, for a school district determining its levy limitation under this section, by the amount the school district's mill levy reduction grant under section 57-64-02 for the base year exceeds the amount of the school district's mill levy reduction grant under section 57-64-02 for the budget year.~~
  - ~~e. Reduced for a school district determining its levy limitation under this section, by the amount the school district's mill levy reduction grant under section 57-64-02 for the budget year exceeds the amount of the school district's mill levy reduction grant under section 57-64-02 for the base year.~~
- ~~4. In addition to any other levy limitation factor under this section, a taxing district may increase its levy in dollars to reflect new or increased mill levies authorized by the legislative assembly or authorized by the electors of the taxing district.~~
- ~~5. Under this section a taxing district may supersede any applicable mill levy limitations otherwise provided by law, or a taxing district may levy up to the mill levy limitations otherwise provided by law without reference to this section, but the provisions of this section do not apply to the following:
  - ~~a. Any irrevocable tax to pay bonded indebtedness levied pursuant to section 16 of article X of the Constitution of North Dakota.~~
  - ~~b. The one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.~~~~
- ~~6. A school district choosing to determine its levy authority under this section may apply subsection 3 only to the amount in dollars levied for general fund purposes under section 57-15-14 or, if the levy in the base year included separate general fund and special fund levies under sections 57-15-14 and 57-15-14.2, the school district may apply subsection 3 to the total amount levied in dollars in the base year for both the general fund and special fund accounts. School district levies under any section other than section 57-15-14 may be made within applicable limitations but those levies are not subject to subsection 3.~~
- ~~7. Optional levies under this section may be used by any city or county that has adopted a home rule charter unless the provisions of the charter supersede state laws related to property tax levy limitations.~~

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

**57-15-14. (~~Effective for the first two taxable years beginning after December 31, 2012~~) Voter approval of excess levies in school districts.**

1. Unless authorized by the electors of the school district in accordance with this section, a school district may not impose greater levies than those permitted under section 57-15-14.2.
  - a. In any school district having a total population in excess of four thousand according to the last federal decennial census there may be levied any specific number of mills that upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.
  - b. In any school district having a total population of fewer than four thousand, there may be levied any specific number of mills that upon resolution of the school board has been approved by fifty-five percent of the qualified electors voting upon the question at any regular or special school election.
  - c. After June 30, 2009, in any school district election for approval by electors of increased levy authority under subsection 1 or 2, the ballot must specify the number of mills proposed for approval, and the number of taxable years for which that approval is to apply. After June 30, 2009, approval by electors of increased levy authority under subsection 1 or 2 may not be effective for more than ten taxable years.
  - d. The authority for a levy of up to a specific number of mills under this section approved by electors of a school district before July 1, 2009, is terminated effective for taxable years after 2015. If the electors of a school district subject to this subsection have not approved a levy for taxable years after 2015 of up to a specific number of mills under this section by December 31, 2015, the school district levy limitation for subsequent years is subject to the limitations under section 57-15-01.1 or this section.
  - e. For taxable years beginning after 2012:
    - (1) The authority for a levy of up to a specific number of mills, approved by electors of a school district for any period of time that includes a taxable year before 2009, must be reduced by one hundred fifteen mills as a precondition of receiving state aid in accordance with chapter 15.1-27.
    - (2) The authority for a levy of up to a specific number of mills, approved by electors of a school district for any period of time that does not include a taxable year before 2009, must be reduced by forty mills as a precondition of receiving state aid in accordance with chapter 15.1-27.
    - (3) The authority for a levy of up to a specific number of mills, placed on the ballot in a school district election for electoral approval of increased levy authority under subdivision a or b, after June 30, 2013, must be stated as a specific number of mills of general fund levy authority and must include a statement that the statutory school district general fund levy limitation is seventy mills on the dollar of the taxable valuation of the school district.

- f. The authority for an unlimited levy approved by electors of a school district before July 1, 2009, is terminated effective for taxable years after 2015. If the electors of a school district subject to this subsection have not approved a levy of up to a specific number of mills under this section by December 31, 2015, the school district levy limitation for subsequent years is subject to the limitations under section 57-15-01.1 or this section.
2. a. The question of authorizing or discontinuing such specific number of mills authority in any school district must be submitted to the qualified electors at the next regular election upon resolution of the school board or upon the filing with the school board of a petition containing the signatures of qualified electors of the district equal in number to ten percent of the number of electors who cast votes in the most recent election in the school district. No fewer than twenty-five signatures are required.
  - b. The approval of discontinuing such authority does not affect the tax levy in the calendar year in which the election is held.
  - c. The election must be held in the same manner and subject to the same conditions as provided in this section for the first election upon the question of authorizing the mill levy.

~~(Effective after the first two taxable years beginning after December 31, 2012) General fund levy limitations in school districts.~~ The aggregate amount levied each year for the purposes listed in section 57-15-14.2 by any school district, except the Fargo school district, may not exceed the amount in dollars which the school district levied for the prior school year plus twelve percent up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the district, except that:

1. ~~In any school district having a total population in excess of four thousand according to the last federal decennial census there may be levied any specific number of mills that upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.~~
2. ~~In any school district having a total population of fewer than four thousand, there may be levied any specific number of mills that upon resolution of the school board has been approved by fifty-five percent of the qualified electors voting upon the question at any regular or special school election.~~
3. ~~After June 30, 2009, in any school district election for approval by electors of increased levy authority under subsection 1 or 2, the ballot must specify the number of mills proposed for approval, and the number of taxable years for which that approval is to apply. After June 30, 2009, approval by electors of increased levy authority under subsection 1 or 2 may not be effective for more than ten taxable years.~~
4. ~~The authority for a levy of up to a specific number of mills under this section approved by electors of a school district before July 1, 2009, is terminated effective for taxable years after 2015. If the electors of a school district subject to this subsection have not approved a levy for taxable years after 2015 of up to a specific number of mills under this section by December 31, 2015, the school district levy limitation for subsequent years is subject to the limitations under section 57-15-01.1 or this section.~~

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

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

**SECTION 22. AMENDMENT.** Section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

**57-15-14.2. (~~Effective for the first two taxable years beginning after December 31, 2012~~) School district levies.**

1. For taxable years after 2013, the board of a school district may levy a tax not exceeding the amount in dollars that the school district levied for the prior year, plus twelve percent, up to a levy of seventy mills on the taxable valuation of the district, for any purpose related to the provision of educational services. The proceeds of this levy must be deposited into the school district's general fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
2. For taxable years after 2013, the board of a school district may levy no more than twelve mills on the taxable valuation of the district, for miscellaneous purposes and expenses. The proceeds of this levy must be deposited into a special fund known as the miscellaneous fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
3. The board of a school district may levy no more than three mills on the taxable valuation of the district for deposit into a special reserve fund, in accordance with chapter 57-19.
4. The board of a school district may levy no more than the number of mills necessary, on the taxable valuation of the district, for the payment of tuition, in accordance with section 15.1-29-15. The proceeds of this levy must be deposited into a special fund known as the tuition fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
5. Nothing in this section limits the board of a school district from levying:
  - a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and

- b. Mills necessary to pay principal and interest on the bonded debt of the district, including the mills necessary to pay principal and interest on any bonded debt incurred under section 57-15-17.1 before July 1, 2013.
6. ~~For the taxable year 2013 only, the board of a school district may levy, for the purposes described in subsections 1 and 2, a tax not exceeding the amount in dollars determined under this subsection, plus twelve percent, up to a combined levy of eighty-two mills. For purposes of this subsection, the allowable increase in dollars is determined by multiplying the 2013 taxable valuation of the district by the sum of sixty mills plus the number of mills levied in 2012 for miscellaneous expenses under sections 57-15-14.5 and 57-15-17.1.~~

**~~(Effective after the first two taxable years beginning after December 31, 2012) Mill levies requiring board action – Proceeds to general fund account:~~**

- 1. ~~A school board of any school district may levy an amount sufficient to cover general expenses, including the costs of the following:~~
  - a. ~~Board and lodging for high school students as provided in section 15.1-30-04.~~
  - b. ~~The teachers' retirement fund as provided in section 15-39.1-28.~~
  - c. ~~Tuition for students in grades seven through twelve as provided in section 15.1-29-15.~~
  - d. ~~Special education program as provided in section 15.1-32-20.~~
  - e. ~~The establishment and maintenance of an insurance reserve fund for insurance purposes as provided in section 32-12.1-08.~~
  - f. ~~A final judgment obtained against a school district.~~
  - g. ~~The district's share of contribution to the old-age survivors' fund and matching contribution for the social security fund as provided by chapter 52-09 and to provide the district's share of contribution to the old-age survivors' fund and matching contribution for the social security fund for contracted employees of a multidistrict special education board.~~
  - h. ~~The rental or leasing of buildings, property, or classroom space. Minimum state standards for health and safety applicable to school building construction shall apply to any rented or leased buildings, property, or classroom space.~~
  - i. ~~Unemployment compensation benefits.~~
  - j. ~~The removal of asbestos substances from school buildings or the abatement of asbestos substances in school buildings under any method approved by the United States environmental protection agency and any repair, replacement, or remodeling that results from such removal or abatement, any remodeling required to meet specifications set by the Americans with Disabilities Act accessibility guidelines for buildings and facilities as contained in the appendix to 28 CFR 36, any remodeling required to meet requirements set by the state fire marshal during the~~

- inspection of a public school, and for providing an alternative education program as provided in section 57-15-17.1.
- k. ~~Participating in cooperative career and technical education programs approved by the state board.~~
  - l. ~~Maintaining a career and technical education program approved by the state board and established only for that school district.~~
  - m. ~~Paying the cost of purchasing, contracting, operating, and maintaining schoolbuses.~~
  - n. ~~Establishing and maintaining school library services.~~
  - o. ~~Equipping schoolbuses with two-way communications and central station equipment and providing for the installation and maintenance of such equipment.~~
  - p. ~~Establishing free public kindergartens in connection with the public schools of the district for the instruction of resident children below school age during the regular school term.~~
  - q. ~~Establishing, maintaining, and conducting a public recreation system.~~
  - r. ~~The district's share of contribution to finance an interdistrict cooperative agreement authorized by section 15.1-09-40.~~
2. ~~This limitation does not apply to mill levies pursuant to subdivisions a, c, f, and j of subsection 1. If a school district maintained a levy to finance either its participation in a cooperative career and technical education program or its sponsorship of single-district career and technical education programs prior to July 1, 1983, and the district discontinues its participation in or sponsorship of those career and technical education programs, that district must reduce the proposed aggregated expenditure amount for which its general fund levy is used by the dollar amount raised by its prior levy for the funding of those programs.~~
  3. ~~All proceeds of any levy established pursuant to this section must be placed in the school district's general fund account and may be expended to achieve the purposes for which the taxes authorized by this section are levied. Proceeds from levies established pursuant to this section and funds provided to school districts pursuant to chapter 15.1-27 may not be transferred to the building fund within the school district.~~

**SECTION 23. AMENDMENT.** Section 57-15-17 of the North Dakota Century Code is amended and reenacted as follows:

**57-15-17. (Effective through June 30, 2015) Disposition of building fund tax.**

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

1. a. All revenue accruing from appropriations or tax levies for a school district building fund, together with ~~such amounts~~any amount as may be realized for building purposes from all other sources, must be placed in a separate fund known as a school building fund and must be:

- (1) ~~Be~~ deposited, held, or invested in the same manner as the sinking funds of such school district; or in
  - (2) ~~Be used for~~ the purchase of shares or securities of federal or state-chartered savings and loan associations, within the limits of federal insurance.
- b. ~~The funds~~ Moneys in the building fund may only be used for the following purposes:
- (1) The construction of school district buildings and facilities;
  - (2) The renovation, repair, or expansion of school district buildings and facilities;
  - (3) The improvement of school district buildings, facilities, and real property;
  - (4) The leasing of buildings and facilities;
  - (5) The payment of rentals upon contracts with the state board of public school education;
  - (6) The payment of rentals upon contracts with municipalities for career and technical education facilities financed pursuant to chapter 40-57; and
  - (7) The payment of principal, premiums, and interest on bonds issued in accordance with subsection 7 of section 21-03-07.
- c. The custodian of the funds may pay out the funds only upon order of the school board, signed by the president and the business manager of the school district. The order must recite upon its face the purpose for which payment is made.
2. Any moneys remaining in a ~~school~~ building fund after the completion of the payments for any school building project ~~which that~~ has cost seventy-five percent or more of the amount in ~~such the~~ building fund at the time of letting the contracts ~~therefor shall, must~~ be returned to the general fund of the school district, upon the order of the school board.
  3. ~~The governing body of any board of a~~ school district may pay into the general fund of the school district any moneys ~~which that~~ have remained in the ~~school~~ building fund for a period of ten years or more, ~~and such district may include the same as a. The board may include this amount as~~ part of its cash on hand in making up its budget for the ensuing year. In determining what amounts have remained in ~~said the~~ fund for ten years or more, all payments ~~which that~~ have been paid ~~from the school, made from the~~ building fund for building purposes ~~shall must~~ be considered as having been paid from the funds first acquired.
  4. a. ~~Whenever~~ if collections from the taxes levied for the current budget and other income are insufficient to meet the requirements for general operating expenses, ~~a majority of the governing body, the board~~ of a school district may transfer unobligated funds from the ~~school~~ building fund into

the general fund of the school district if, provided the school district has issued certificates of indebtedness equal to fifty percent of the outstanding uncollected general fund property tax. ~~No school district~~

- b. A board may not transfer funds from the school building fund into the general fund for more than two years.

~~(Effective after June 30, 2015) Disposition of building fund tax. Revenue raised for building purposes shall be disposed of as follows:~~

1. a. ~~All revenue accruing from appropriations or tax levies for a school building fund together with such amounts as may be realized for building purposes from all other sources must be placed in a separate fund known as a school building fund and must be deposited, held, or invested in the same manner as the sinking funds of such school district or in the purchase of shares or securities of federal or state chartered savings and loan associations within the limits of federal insurance.~~
- b. ~~The funds may only be used for the following purposes:~~
  - (1) ~~The erection of new school buildings or facilities, or additions to old school buildings or facilities, or the making of major repairs to existing buildings or facilities, or improvements to school land and site. For purposes of this paragraph, facilities may include parking lots, athletic complexes, or any other real property owned by the school district.~~
  - (2) ~~The payment of rentals upon contracts with the state board of public school education.~~
  - (3) ~~The payment of rentals upon contracts with municipalities for career and technical education facilities financed pursuant to chapter 40-57.~~
  - (4) ~~Within the limitations of school plans as provided in subsection 2 of section 57-15-16.~~
  - (5) ~~The payment of principal, premium, if any, and interest on bonds issued pursuant to subsection 7 of section 21-03-07.~~
  - (6) ~~The payment of premiums for fire and allied lines, liability, and multiple peril insurance on any building and its use, occupancy, fixtures, and contents.~~
- c. ~~The custodian of the funds may pay out the funds only upon order of the school board, signed by the president and the business manager of the school district. The order must recite upon its face the purpose for which payment is made.~~
2. ~~Any moneys remaining in a school building fund after the completion of the payments for any school building project which has cost seventy-five percent or more of the amount in such building fund at the time of letting the contracts therefor shall be returned to the general fund of the school district upon the order of the school board.~~
3. ~~The governing body of any school district may pay into the general fund of the school district any moneys which have remained in the school building fund for a period of ten years or more, and such district may include the same as a~~

~~part of its cash on hand in making up its budget for the ensuing year. In determining what amounts have remained in said fund for ten years or more, all payments which have been paid from the school building fund for building purposes shall be considered as having been paid from the funds first acquired.~~

4. ~~Whenever collections from the taxes levied for the current budget and other income are insufficient to meet the requirements for general operating expenses, a majority of the governing body of a school district may transfer unobligated funds from the school building fund into the general fund of the school district the school district has issued certificates of indebtedness equal to fifty percent of the outstanding uncollected general fund property tax. No school district may transfer funds from the school building fund into the general fund for more than two years.~~

**SECTION 24. AMENDMENT.** Section 57-15-31 of the North Dakota Century Code is amended and reenacted as follows:

**57-15-31. (~~Effective for the first two taxable years beginning after December 31, 2012~~) Determination of levy.**

1. The amount to be levied by any county, city, township, school district, park district, or other municipality authorized to levy taxes ~~shall~~must be computed by deducting from the amount of estimated expenditures for the current fiscal year as finally determined, plus the required reserve fund determined upon by the governing board from the past experience of the taxing district, the total of the following items:
  1. a. The available surplus consisting of the free and unencumbered cash balance.;
  2. b. Estimated revenues from sources other than direct property taxes.;
  3. c. The total estimated collections from tax levies for previous years.;
  4. d. ~~Such expenditures as are to~~Expenditures that must be made from bond sources.;
  5. e. The amount of distributions received from an economic growth increment pool under section 57-15-61.;
  6. f. The estimated amount to be received from payments in lieu of taxes on a project under section 40-57.1-03.
2. Allowance may be made for a permanent delinquency or loss in tax collection not to exceed five percent of the amount of the levy.

~~(Effective after the first two taxable years beginning after December 31, 2012) Determination of levy.~~ The amount to be levied by any county, city, township, school district, park district, or other municipality authorized to levy taxes shall be computed by deducting from the amount of estimated expenditures for the current fiscal year as finally determined, plus the required reserve fund determined upon by the governing board from the past experience of the taxing district, the total of the following items:

1. The available surplus consisting of the free and unencumbered cash balance.

2. ~~Estimated revenues from sources other than direct property taxes.~~
3. ~~The total estimated collections from tax levies for previous years.~~
4. ~~Such expenditures as are to be made from bond sources.~~
5. ~~The amount of distributions received from an economic growth increment pool under section 57-15-61.~~
6. ~~The estimated amount to be received from payments in lieu of taxes on a project under section 40-57.1-03.~~
7. ~~The amount reported to a school district by the superintendent of public instruction as the school district's mill levy reduction grant for the year under section 57-64-02.~~

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

**SECTION 25. AMENDMENT.** Section 57-19-01 of the North Dakota Century Code is amended and reenacted as follows:

**57-19-01. (Effective through June 30, 2015) School district may establish Establishment of special reserve fund.**

Each school district in this state may establish and maintain a special reserve fund, subject to the limitations in section 57-15-14.2. The balance of moneys in the fund may not exceed that which could be produced by a levy of fifteen mills in that district for that year.

~~(Effective after June 30, 2015) School district may establish special reserve fund.~~ Each school district in this state may establish and maintain a special reserve fund which must be separate and distinct from all other funds now authorized by law and which may not exceed in amount at any one time the sum which could be produced by a levy of the maximum mill levy allowed by law in that district for that year.

**SECTION 26. AMENDMENT.** Section 57-19-02 of the North Dakota Century Code is amended and reenacted as follows:

**57-19-02. (Effective through June 30, 2015) Special reserve fund - Separate trust fundTransfer.**

1. Moneys in the special reserve fund may be deposited, held, or invested in the same manner as the sinking fund of the district or in the purchase of shares or securities of federal savings and loan associations or state-chartered building and loan associations, within the limits of federal insurance.
2. Each July first, the board of the school district shall transfer from the special reserve fund to the district's general fund any amount that exceeds the limitation in section 57-19-01.

~~(Effective after June 30, 2015) Special reserve fund – Separate trust fund.~~ The special reserve fund is a separate trust fund for the use and benefit of the school district, to be drawn upon as provided in this chapter. Moneys in the fund may be deposited, held, or invested in the same manner as the sinking fund of the district or in the purchase of shares or securities of federal savings and loan associations or

state-chartered building and loan associations, within the limits of federal insurance. The school district business manager shall annually, upon a resolution of the school board, transfer to the school district general fund any part or all of the investment income or interest earned by the principal amount of the school district's special reserve fund.

**SECTION 27. AMENDMENT.** Section 57-19-09 of the North Dakota Century Code is amended and reenacted as follows:

**57-19-09. (Effective through June 30, 2015) When Special reserve fund may be transferred- Correction of error.**

Any if a school district which has heretofore by mistake, or for any other reason, considered all or any part of a its special reserve fund, as provided for in chapter 57-19, in determining the its budget for the school district which has and deducted all or any part of the funds in such its special reserve fund from the amount necessary to be levied for any school a fiscal year, the district may transfer from the its special reserve fund into the its general fund all or any part of such amounts which have been the amount that was so considered, contrary to the provisions of section 57-19-05.

**(Effective after June 30, 2015) When fund may be transferred.** Any school district which has heretofore by mistake, or for any other reason, considered all or any part of a special reserve fund, as provided for in chapter 57-19, in determining the budget for the school district which has deducted all or any part of the funds in such special reserve fund from the amount necessary to be levied for any school fiscal year, may transfer from the special reserve fund into the general fund all or any part of such amounts which have been so considered contrary to the provisions of section 57-19-05. Any school district special reserve fund and the tax levy therefor may be discontinued by a vote of sixty percent of the electors of the school district voting upon the question at any special or general election. Any moneys remaining unexpended in such special reserve fund must be transferred to the building or general fund of the school district. The discontinuance of a special reserve fund shall not decrease the school district tax levies otherwise provided for by law by more than twenty percent. A special reserve fund and the tax levy therefor which has been discontinued may be reinstated by a vote of sixty percent of the electors of the school district voting upon the question at any special or general election.

**SECTION 28. SCHOOL DISTRICT REPORTING REVIEW COMMITTEE - STUDY.**

1. The superintendent of public instruction shall serve as the chairman of the school district reporting review committee. During the 2015-16 interim, the committee shall review statutory and regulatory reporting requirements imposed upon school districts, with a view toward eliminating reporting requirements that are duplicative or unnecessary and streamlining the reporting process.
2. The school district reporting review committee consists of:
  - a. Six individuals, selected by the superintendent of public instruction and representing small, medium, and large school districts, provided each individual must be a school district superintendent or a business manager;
  - b. Four staff members from the department of public instruction, who are familiar with state and federal school district reporting requirements;

- c. The chairman of the senate education committee or the chairman's designee;
  - d. The chairman of the house education committee or the chairman's designee; and
  - e. One member of the legislative assembly from the minority party, appointed by the chairman of the legislative management.
3. Members of the legislative assembly serving on the committee are entitled to compensation at the rate provided for in accordance with section 54-03-20 and to reimbursement for expenses, as provided by law for state officers, if the members are attending meetings or performing duties required by the appointment.
  4. Before July 1, 2016, the superintendent of public instruction shall report the committee's findings and recommendations to the legislative management.

**SECTION 29. LEGISLATIVE MANAGEMENT STUDY - KINDERGARTEN THROUGH GRADE TWELVE CONTENT STANDARDS AND ASSESSMENTS.** The legislative management shall study content standards and assessments.

1. The study must:
  - a. Provide for a review of the content standards applicable to all grade levels in this state, from kindergarten through grade twelve, in the areas of English language arts and mathematics;
  - b. Compare the content standards of this state to those of other states that are recognized as having high academic achievement levels; and
  - c. Review the standards development process.
2. The study must:
  - a. Review the purpose of general and alternate student assessments;
  - b. Examine the availability of existing and proposed assessment models; and
  - c. Examine the assessments utilized by other states that are recognized as having high academic achievement levels.
3. The study must review those sections of the Elementary and Secondary Education Act [20 U.S.C. 6301, et seq.] that address standards, assessments, accountability, and local flexibility, and any recent pertinent regulatory changes or policy statements issued by the United States department of education.
4. The legislative council may seek assistance from individuals who are content specialists at the higher education level, individuals who are content and assessment specialists at the elementary or high school level, and other professionals, as necessary, to complete the directives of this section.
5. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly.

**SECTION 30. ENGLISH LANGUAGE LEARNER GRANTS.**

1. During the 2015-17 biennium, the superintendent of public instruction shall expend up to \$1,000,000 from the grants - other grants line item in the appropriation bill for the superintendent of public instruction, as approved by the sixty-fourth legislative assembly, for the purpose of providing grants to the four school districts that serve the largest number of first and second level English language learners in kindergarten through grade twelve.
2. In order to determine the amount that a school district may receive under this section, the superintendent of public instruction shall provide a pro rata share of the available grant dollars to each eligible district based upon the total number of first and second level English language learners enrolled in the four districts.
3. A district may expend moneys received under this section only for the purpose of enhancing services to first and second level English language learners. Permissible purposes include the hiring of additional teachers, interpreters, and social workers for first and second level English language learners and the provision of other ancillary support services and programs, approved by the superintendent of public instruction.
4. The superintendent of public instruction may not award more than fifty percent of the funds available under this section during the first year of the biennium.

**SECTION 31. EXEMPTION - AUTISM SPECTRUM DISORDER - TECHNOLOGY GRANT.** The unexpended amount remaining from the transfer of \$250,000, as permitted in section 61 of chapter 13 of the 2013 Session Laws, is not subject to the provisions of section 54-44.1-11 at the end of the 2013-15 biennium and may be continued into the 2015-17 biennium, for the purpose of continuing the grant to an institution implementing a certificate program that prepares individuals with autism spectrum disorder for employment in the technology sector.

**SECTION 32. EXEMPTION - CONTINGENT FUNDING - 2013-15 BIENNIUM - ADVANCED PLACEMENT COURSES - DELIVERY AND PARTICIPATION.** Notwithstanding section 54-44.1-11, if any moneys remain in the integrated formula payments line item after the superintendent of public instruction complies with all statutory payment obligations imposed for the 2013-15 biennium, the superintendent shall firstly use \$1,252,627, or so much of that amount as may be necessary, for the purpose of enhancing the delivery and the participation of students and teachers in advanced placement courses, for the biennium beginning with the effective date of this Act and ending June 30, 2017.

**SECTION 33. EXEMPTION - CONTINGENT FUNDING - 2013-15 BIENNIUM - EARLY CHILDHOOD EDUCATION IMPACT STUDY.** Notwithstanding section 54-44.1-11, if any moneys remain in the integrated formula payments line item after the superintendent of public instruction complies with all statutory payment obligations imposed for the 2013-15 biennium, the superintendent shall secondly use \$200,000, or so much of the sum as may be necessary, for the purpose of contracting with a research institution in this state to study the impact of early childhood education provider grants, for the biennium beginning with the effective date of this Act and ending June 30, 2017.

**SECTION 34. EXEMPTION - CONTINGENT FUNDING - 2013-15 BIENNIUM - REGIONAL EDUCATION ASSOCIATIONS - REVIEW PROCESS.** Notwithstanding section 54-44.1-11, if any moneys remain in the integrated formula payments line item

after the superintendent of public instruction complies with all statutory payment obligations imposed for the 2013-15 biennium, the superintendent shall thirdly use \$50,000, or so much of that amount as may be necessary, for the purpose of providing a review process for regional education associations, for the biennium beginning with the effective date of this Act and ending June 30, 2017.

**SECTION 35. EXEMPTION - CONTINGENT FUNDING - 2013-15 BIENNIUM - OPEN EDUCATIONAL RESOURCES.** Notwithstanding section 54-44.1-11, if any moneys remain in the integrated formula payments line item after the superintendent of public instruction complies with all statutory payment obligations imposed for the 2013-15 biennium, the superintendent shall fourthly use \$100,000, or so much of the sum as may be necessary, for the purpose of providing grants to foster the creation of open curricular and instructional materials, including textbooks utilized in required course offerings as set forth in section 15.1-21-02, and in particular textbooks utilized in advanced placement and dual credit courses, in order to reduce the related acquisition costs, for the biennium beginning with the effective date of this Act and ending June 30, 2017. Any instructional materials, including textbooks, developed in whole or in part with a grant awarded under this section, must be made available, free of charge, to all school districts in this state.

**SECTION 36. LEGISLATIVE MANAGEMENT STUDY - CAREER AND TECHNICAL EDUCATION.** During the 2015-16 interim, the legislative management shall consider studying the nature and scope of career and technical education opportunities available to students in this state, the manner in which such opportunities are financially supported, and the manner in which such opportunities are monitored to ensure that they provide students with twenty-first century technical skills that are aligned to industry standards, in addition to providing appropriate academic foundations. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly.

**SECTION 37. LEGISLATIVE MANAGEMENT STUDY - TEACHER PREPARATION PROGRAMS.** During the 2015-16 interim, the legislative management shall consider studying teacher training programs in this state, including requirements for admission into a program, the requisite course of study, student teaching opportunities, and mentoring for new teachers. The study should also include an examination of collaborative efforts between schools of education and school districts in this state, and a comparative review of teacher training programs in other jurisdictions. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly.

**SECTION 38. REPEAL.** Sections 15.1-27-04, 15.1-27-07.2, 15.1-27-11, 15.1-27-22.1, 15.1-27-42, 15.1-27-43, 15.1-27-44, 15.1-32-20, 57-15-14.4, 57-15-14.5, 57-15-17.1, and 57-19-04 and chapter 57-64 of the North Dakota Century Code are repealed.

**SECTION 39. EFFECTIVE DATE.** Section 9 of this Act becomes effective on July 1, 2017.

**SECTION 40. EMERGENCY.** Sections 7 and 17 and sections 31 through 35 of this Act are declared to be an emergency measure.

Approved May 12, 2015  
Filed May 13, 2015

## CHAPTER 138

### HOUSE BILL NO. 1470

(Representative Kelsh)

AN ACT to amend and reenact section 15.1-07-20 of the North Dakota Century Code, relating to physicals for school vehicle drivers.

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

**SECTION 1. AMENDMENT.** Section 15.1-07-20 of the North Dakota Century Code is amended and reenacted as follows:

##### **15.1-07-20. School vehicle driver - Requirements.**

1. a. Except as otherwise provided in this subsection, if an individual transports students or other passengers in a school vehicle for which a commercial driver's license is not required, the individual must:
  - (1) Hold a North Dakota driver's license;
  - (2) Be free from communicable diseases;
  - (3) Be in good physical health and have normal use of both hands, both feet, both eyes, and both ears;
  - (4) Be of sound mental health;
  - (5) Pass any drug and alcohol screening tests required by the school board; and
  - (6) Be at least twenty-one years of age, unless the board of a school district determines that an individual not meeting this requirement can safely and adequately perform the required duties.
- b. If the vehicle being used to transport students or other passengers under this subsection is a school vehicle for which a commercial driver's license is not required, but which is designed to seat ten to fifteen passengers, the individual must:
  - (1) Hold a North Dakota driver's license;
  - (2) Meet the physical and medical requirements established for commercial vehicle drivers;
  - (3) Complete any annual training required by the superintendent of public instruction; and
  - (4) Be at least twenty-one years of age, unless the board of a school district determines that an individual not meeting this requirement can safely and adequately perform the required duties.

2.
  - a. The board of a school district may request, at any time, that a health care professional designated by the board examine an individual to determine if the individual meets the physical and medical requirements of subsection 1.
  - b. The health care professional conducting the examination shall forward any charges to the individual's insurance carrier for payment. Any examination costs that remain after application of the individual's insurance coverage are the responsibility of the board.

Approved March 16, 2015  
Filed March 16, 2015

## CHAPTER 139

### SENATE BILL NO. 2048

(Legislative Management)  
(Human Services Committee)

AN ACT to create and enact new sections to chapter 15.1-07 and 15.1-13 of the North Dakota Century Code, relating to teacher licensure requirements and mental health training provided by school districts; to provide appropriations to the department of human services for improving behavioral health services and for substance abuse treatment services; to provide for reports to the legislative management; to provide for legislative management studies; and to provide an effective date.

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

**SECTION 1.** A new section to chapter 15.1-13 of the North Dakota Century Code is created and enacted as follows:

##### **Teacher licensure requirement - Youth mental health competency.**

1. The board shall ensure a candidate for teacher licensure demonstrates competencies in youth mental health. Competencies must include:
  - a. An understanding of the prevalence and impact of youth mental health disorders on family structure, education, juvenile services, law enforcement, and health care and treatment providers;
  - b. Knowledge of mental health symptoms, social stigmas, risks, and protective factors; and
  - c. Awareness of referral sources and strategies for appropriate interventions.
2. A teacher licensure candidate satisfies the requirements of this section if the candidate demonstrates the candidate has received training in competencies related to youth mental health from an accredited or approved youth mental health education provider. The board may issue a provisional license for up to two years to a teacher licensure candidate that does not meet the requirements of this section.

**SECTION 2.** A new section to chapter 15.1-07 of the North Dakota Century Code is created and enacted as follows:

##### **Provision of youth mental health training to teachers, administrators, and ancillary staff.**

1. Once every two years, each school district shall provide a minimum of eight hours of training on youth mental health to elementary, middle, and high school teachers and administrators. Each school district shall encourage ancillary and support staff to participate in the training. The training must include:

- a. Understanding of the prevalence and impact of youth mental health disorders on family structure, education, juvenile services, law enforcement, and health care and treatment providers;
  - b. Knowledge of mental health symptoms, social stigmas, risks, and protective factors; and
  - c. Awareness of referral sources and strategies for appropriate interventions.
2. Each school district shall report the outcome of the training to the department of public instruction.
  3. The superintendent of public instruction shall collaborate with regional education associations to disseminate information, training materials, and notice of training opportunities to school districts and nonpublic schools.

**SECTION 3. APPROPRIATION - DEPARTMENT OF HUMAN SERVICES - BEHAVIORAL HEALTH SERVICES FACILITATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$150,000, or so much of the sum as may be necessary, to the department of human services for the purpose of facilitating the behavioral health services authorized by the sixty-fourth legislative assembly, including developing formal discharge planning protocols for discharge or release of individuals with behavioral health issues and designing a resource support network to provide family support, assessment, and stabilization services that are accessible by families and custodial agencies, for the biennium beginning July 1, 2015, and ending June 30, 2017. The development of discharge planning protocols must involve law enforcement, health care providers, and other related organizations. The protocols must include outcome measures.

**SECTION 4. APPROPRIATION - DEPARTMENT OF HUMAN SERVICES - REPORT TO THE LEGISLATIVE MANAGEMENT.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$750,000, or so much of the sum as may be necessary, to the department of human services for the purpose of establishing and administering a voucher system to address underserved areas and gaps in the state's substance abuse treatment system and to assist in the payment of addiction treatment services provided by private licensed substance abuse treatment programs, for the period beginning July 1, 2016, and ending June 30, 2017. Services eligible for the voucher program include only those levels of care recognized by the American society of addiction medicine, with particular emphasis given to underserved areas and programs. The department of human services shall ensure that a private licensed substance abuse treatment program accepting vouchers under this Act collects and reports process and outcome measures. The department of human services shall develop requirements and provide training and technical assistance to a private licensed substance abuse treatment program accepting vouchers under this Act. A private licensed substance abuse treatment program accepting vouchers under this Act shall provide evidence-based services. Before July 1, 2016, the department of human services shall provide a report to the legislative management regarding the rules adopted to establish and administer the voucher system to assist in the payment of addiction treatment services provided by private licensed substance abuse treatment programs.

**SECTION 5. DEPARTMENT OF PUBLIC INSTRUCTION - REPORT TO THE LEGISLATIVE MANAGEMENT.** During the 2015-16 interim, the department of public instruction shall compile information on mental health training provided by school

districts and determine the feasibility and effect of the youth mental health training required in section 2 of this Act. Before July 1, 2016, the department of public instruction shall provide a report to the legislative management regarding mental health training provided by school districts.

**SECTION 6. LEGISLATIVE MANAGEMENT STUDY - MENTAL HEALTH RESOURCES.** During the 2015-16 interim, the legislative management shall consider studying mental health resources for youth and adults. The study must identify the populations that may benefit from a mental health resource network, the challenges and any deficiencies that may exist, and alternative resource delivery frameworks, and must provide details of how resource networks may be integrated into the existing mental health delivery system. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly.

**SECTION 7. LEGISLATIVE MANAGEMENT STUDY - BEHAVIORAL HEALTH NEEDS OF YOUTH AND ADULTS.** During the 2015-16 interim, the legislative management shall consider studying behavioral health needs. The study must include consideration of behavioral health needs of youth and adults and access, availability, and delivery of services. The study must include input from stakeholders, including representatives of law enforcement, social and clinical service providers, education, medical providers, mental health advocacy organizations, emergency medical service providers, juvenile court, tribal government, and state and local agencies and institutions. The study must also include the monitoring and reviewing of strategies to improve behavioral health services implemented pursuant to legislation enacted by the sixty-fourth legislative assembly and other behavioral health-related recommendations presented to the 2013-14 interim human services committee. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly.

**SECTION 8. EFFECTIVE DATE.** Section 1 of this Act becomes effective on August 1, 2016.

Approved April 27, 2015  
Filed April 27, 2015

## CHAPTER 140

### SENATE BILL NO. 2181

(Senators Rust, Luick, Marcellais)  
(Representatives Kelsh, B. Koppelman, J. Nelson)

AN ACT to create and enact a new section to chapter 15.1-07 and section 15.1-07-20.1 of the North Dakota Century Code, relating to the retention of school district records and the employment of a school district business manager; to amend and reenact section 15.1-07-14 of the North Dakota Century Code, relating to school district business managers; and to repeal sections 21-06-05 and 21-06-06 of the North Dakota Century Code, relating to the destruction of school district documents.

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

**SECTION 1. AMENDMENT.** Section 15.1-07-14 of the North Dakota Century Code is amended and reenacted as follows:

##### **15.1-07-14. Qualified elector.**

1. An individual who is a qualified elector of this state may:
  - a. Vote to elect board members for the school district in which the individual resides;
  - b. Serve as a board member for the school district in which the individual resides; and
  - c. Serve as a judge or clerk of election for the school district in which the individual resides.
  - d. ~~Serve as the business manager of a school district.~~
2. For the purposes of elections held under this chapter, an individual residing on a military installation is deemed to be a resident of a school district if the school district admits students from the military installation pursuant to a contract and receives impact aid pursuant to Public Law No. 81-874 [64 Stat. 1100; 20 U.S.C. 236 et seq.], as amended.

**SECTION 2.** Section 15.1-07-20.1 of the North Dakota Century Code is created and enacted as follows:

##### **School district business manager - Employment - Oversight - Reports to board.**

1. All decisions regarding the selection and employment of a school district business manager and all decisions regarding the suspension and dismissal of a school district business manager belong to the board of a school district, as set forth in section 15.1-09-33.

2. The board shall exercise administrative oversight with respect to the school district business manager unless the board has established an alternate supervisory structure that is clearly defined in the board's policy and is represented in the school district's organizational chart, and through board action delegates to the superintendent supervisory responsibility of the business manager's daily operations.
3. All financial reports, whether statutorily mandated or requested by the board, and whether written or oral, must be personally presented to the board by the school district business manager.

**SECTION 3.** A new section to chapter 15.1-07 of the North Dakota Century Code is created and enacted as follows:

**School district records - Retention.**

1. A school district shall permanently retain the minutes of each school board meeting.
2. Unless otherwise provided by law, a school district shall retain payroll records and records of revenues and expenditures for a period of five years.
3. A school district may consult with the state archivist before disposing of records in order to determine whether the records may have any archival value.

**SECTION 4. REPEAL.** Sections 21-06-05 and 21-06-06 of the North Dakota Century Code are repealed.

Approved April 8, 2015  
Filed April 8, 2015

## CHAPTER 141

### SENATE BILL NO. 2326

(Senators Poolman, Dever, Schaible)  
(Representatives Nathe, Rohr, Schatz)

AN ACT to create and enact a new section to chapter 15.1-07 and seven new sections to chapter 54-59 of the North Dakota Century Code, relating to reportable data fields and the statewide longitudinal data system; to repeal sections 15.1-02-18, 15.1-02-18.1, and 15.1-02-18.2 of the North Dakota Century Code, relating to the statewide longitudinal data system; and to provide for a continuing appropriation.

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

**SECTION 1.** A new section to chapter 15.1-07 of the North Dakota Century Code is created and enacted as follows:

##### **Protection of student data - School district policy.**

1. The board of each school district shall adopt a policy regarding the protection of student data.
2. The policy must require that permission be obtained from the board before any student data is shared with an individual who is not a school district employee or shared with any other entity. This provision does not apply to the sharing of data with a student's parent or to the sharing of data, if required by law.
3. The policy must require the school district superintendent to compile:
  - a. A list of all individuals with whom, and entities with which, student data is shared; and
  - b. A list, by title, of all school district personnel who have access to student data.
4. A school district shall make copies of the policy available upon request.

**SECTION 2.** A new section to chapter 54-59 of the North Dakota Century Code is created and enacted as follows:

##### **Statewide longitudinal data system committee - Membership.**

1. The statewide longitudinal data system committee consists of:
  - a. The commissioner of the board of higher education or the commissioner's designee;
  - b. The superintendent of public instruction or the superintendent's designee;
  - c. The chief information officer or the officer's designee;

- d. The director of the department of career and technical education or the director's designee;
- e. The director of job service North Dakota or the director's designee;
- f. The commissioner of commerce or the commissioner's designee;
- g. The director of the department of human services or the director's designee;
- h. The director of the North Dakota educational technology council;
- i. The executive director of the North Dakota council of educational leaders or the executive director's designee;
- j. The director of the North Dakota workforce development council or the director's designee; and
- k. Two members of the legislative assembly appointed by the chairman of the legislative management.

2. The governor shall designate the chairman of the committee.

**SECTION 3.** A new section to chapter 54-59 of the North Dakota Century Code is created and enacted as follows:

**Statewide longitudinal data system committee - Duties.**

1. The statewide longitudinal data system committee shall manage a statewide longitudinal data system that:
  - a. Provides for the dissemination of management information to stakeholders and partners of state education, training, and employment systems; and
  - b. Uses data from educational and workforce systems as central sources of statewide longitudinal data.
2. The statewide longitudinal data system committee shall establish policies and adopt rules addressing access to and the collection, storage, and sharing of information and the systems necessary to perform those functions, subject to applicable federal and state privacy laws and interagency agreements and restrictions relating to confidential information required to conform to applicable federal and state privacy laws.
3. The statewide longitudinal data system committee shall provide operational oversight for information sharing activities and make recommendations for and provide oversight of information sharing budgets.
4. The statewide longitudinal data system committee in consultation with the information technology department shall:
  - a. Establish the terms and conditions under which a person may be authorized to access data through the statewide longitudinal data system;
  - b. Direct that all statewide longitudinal data system administrators implement approved data protection practices to ensure the security of electronic and

- physical data, provided that the practices include requirements for encryption and staff training;
- c. Provide for biennial privacy and security audits of the statewide longitudinal data system;
  - d. Establish protocols, including procedures, for the notification of students and parents in the event of a data breach involving the statewide longitudinal data system;
  - e. Require that data retention and disposition by the statewide longitudinal data system be governed by the same policies as those instituted for the information technology department; and
  - f. Require the provision of annual training regarding data protection to any individuals who have access to the statewide longitudinal data system, including school district employees, employees of the North Dakota university system office and institutions under the control of the state board of higher education, and elected or appointed state or local governmental officials.

**SECTION 4.** A new section to chapter 54-59 of the North Dakota Century Code is created and enacted as follows:

**Statewide longitudinal data system committee - Powers.**

1. The statewide longitudinal data system committee may authorize studies to benefit and improve workforce training and education.
2. The statewide longitudinal data system committee may appoint additional work groups and task forces to serve in an advisory capacity.

**SECTION 5.** A new section to chapter 54-59 of the North Dakota Century Code is created and enacted as follows:

**Statewide longitudinal data system committee - Report to legislative management.**

During each interim the statewide longitudinal data system committee shall provide a report regarding the statewide longitudinal data system to one or more committees designated by the legislative management and shall provide recommendations for further development, cost proposals, proposals for legislation, and recommendations for data sharing governance.

**SECTION 6.** A new section to chapter 54-59 of the North Dakota Century Code is created and enacted as follows:

**Statewide longitudinal data system committee - Continuing appropriation.**

The statewide longitudinal data system committee may solicit and receive gifts, grants, and donations from public and private sources. Any moneys received in accordance with this section are appropriated on a continuing basis for the support of the statewide longitudinal data system.

**SECTION 7.** A new section to chapter 54-59 of the North Dakota Century Code is created and enacted as follows:

**Statewide longitudinal data system committee - Information technology department.**

1. The information technology department, at the direction of the statewide longitudinal data system committee, shall maintain a statewide longitudinal data system among education, workforce, and training entities.
2. The information technology department and the statewide longitudinal data system committee may, subject to federal and state privacy laws, enter interagency agreements, including agreements designating authorized representatives of the educational agencies participating in the system, pursuant to the Family Educational Rights and Privacy Act [20 U.S.C. 1232G; 34 CFR 99].
3. The information technology department shall staff and provide other necessary support to the statewide longitudinal data system committee.

<sup>113</sup> **SECTION 8.** A new section to chapter 54-59 of the North Dakota Century Code is created and enacted as follows:

**State agencies - Mandatory provision of information - Confidentiality.**

1. The information technology department may request from any state agency:
  - a. All information required by 20 U.S.C. 9871(e)(2)(D); and
  - b. Any other educational information the statewide longitudinal data system committee determines is required for a longitudinal data system to comply with state or federal law.
2. Subject to applicable restrictions on the use and disclosure of confidential information required to comply with federal and state privacy laws, any state agency receiving a request for information under subsection 1 shall provide the information at the time and in the manner required by the information technology department.

**SECTION 9. REPEAL.** Sections 15.1-02-18, 15.1-02-18.1, and 15.1-02-18.2 of the North Dakota Century Code are repealed.

Approved April 20, 2015  
Filed April 20, 2015

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<sup>113</sup> Section 54-59-39 was also amended by section 6 of House Bill No. 1021, chapter 21.

## CHAPTER 142

### SENATE BILL NO. 2229

(Senators Davison, Casper, Sorvaag)  
(Representatives Boehning, Kading)

AN ACT to amend and reenact section 15.1-09-01 of the North Dakota Century Code, relating to the membership of the board of education of the city of Fargo.

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

**SECTION 1. AMENDMENT.** Section 15.1-09-01 of the North Dakota Century Code is amended and reenacted as follows:

##### **15.1-09-01. School board membership - Size and term adjustments.**

1. The board of a school district must be composed of five, seven, or nine members.
2. The size of a school board may be increased to seven or nine members or decreased to seven or five members if a petition is signed by qualified electors of the school district equal in number to at least one-third of those who voted at the most recent annual school district election and the change is approved by a majority of the qualified electors of the school district voting on the question at a special election called for that purpose.
3. If a majority of the qualified voters in a school district elect to increase the size of the school board, the additional members must be elected to the board at the next annual school district election in the same manner as other board members.
  - a. If the total number of board members after approval of the increase is seven, the terms of three members extend until the first annual election, the terms of two members extend until the second annual election, and the terms of the remaining two members extend until the third annual election.
  - b. If the total number of board members after approval of the increase is nine, the terms of three members extend until the first annual election, the terms of three members extend until the second annual election, and the terms of the remaining three members extend until the third annual election.
  - c. The length of the terms specified in this subsection must be determined by lot.
  - d. All board members shall serve for the terms specified in this subsection and until their successors are elected and qualified.
  - e. The length of any term in existence before the increase in board membership and held by a board member who is duly qualified may not be modified.

- f. Terms subsequent to the first term are for the normal period of three years and extend until a successor is elected and qualified.
- ~~4. If on July 1, 2005, the board of any school district contains only three members, the board must be increased to five members and the additional members must be elected at the next annual school district election, in the same manner as other board members. The initial term of one additional member must be one year and the initial term of the other additional member must be two years. The length of the terms specified in this subsection must be determined by lot. Thereafter, the size of the board may be increased in accordance with subsections 2 and 3.~~
5. The voters of a school district shall elect school board members at large. If, however, the district has been reorganized, board members may be elected at large, by geographical area, or at large by geographical area.
- ~~6.5.~~ An election on a reorganization proposal takes the place of the petition and election requirements of this section. Approval of the reorganization proposal has the same effect as if the approval were by the election provided for in this section.
- ~~7.6.~~ If the qualified electors of a district approve a reduction in the size of the school board, the excess number of members will serve out existing terms until the number approved by the electors has been reached.
- ~~8.7.~~ If the board of a school district has elected to convert its members' terms to four years and has also increased the number of its board members, the board by lot or by some other random selection method shall provide for a combination of initial terms of office not to exceed four years for the new members. The combination must equalize to the greatest extent possible the number and length of terms for old board members and for new members to be elected during the next three election years. The members' terms must be staggered and must expire in even-numbered years.
9. ~~Notwithstanding the provisions of this section, the board of education of the city of Fargo consists of nine members.~~

Approved March 12, 2015  
Filed March 12, 2015

## CHAPTER 143

### SENATE BILL NO. 2152

(Senators Schaible, Luick, Rust)  
(Representatives B. Koppelman, Meier, Rohr)

AN ACT to amend and reenact sections 15.1-09-33 and 15.1-15-09 of the North Dakota Century Code, relating to the suspension of school district personnel.

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

**SECTION 1. AMENDMENT.** Section 15.1-09-33 of the North Dakota Century Code is amended and reenacted as follows:

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

The board of a school district may:

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

11. Provide dormitories for the boarding care of special education students.
12. Insure school district property.
13. Independently or jointly with other school districts, purchase telecommunications equipment or lease a telecommunications system or network.
14. Provide for the education of students by another school district.
15. Contract with federal officials for the education of students in a federal school.
16. Prescribe courses of study in addition to those prescribed by the superintendent of public instruction or by law.
17. Adopt rules regarding the instruction of students, including their admission, transfer, organization, grading, and government.
18. Join the North Dakota high school activities association and pay membership fees.
19. Adopt alternative curricula for high school seniors who require fewer than four academic units.
20. Contract with, employ, and compensate school district personnel.
21. Contract with and provide reimbursement for the provision of teaching services by an individual certified as an instructor in the areas of North Dakota American Indian languages and culture by the education standards and practices board.
22.
  - a. Suspend school district personnel;
  - b. Delegate to the superintendent of the district the authority to suspend school district personnel, except as provided for in section 15.1-15-10; or
  - c. In the case of a district that does not employ a superintendent, delegate to the individual charged with administering the district the authority to suspend school district personnel, except as provided for in section 15.1-15-10.
23. Dismiss school district personnel.
24. Participate in group insurance plans and pay all or part of the insurance premiums.
25. Contract for the services of a district superintendent, provided that the contract, which may be renewed, does not exceed a period of three years.
26. Contract for the services of a principal.
27. Employ an individual to serve as the school district business manager or contract with any person to perform the duties assigned to a school district business manager by law.

28. ~~Suspend or dismiss~~Dismiss a school district business manager for cause without prior notice.
29. ~~Suspend or dismiss~~Dismiss a school district business manager without cause with thirty days' written notice.
30. Defray the necessary and contingent expenses of the board.
31. Levy a tax upon property in the district for school purposes, as permitted in accordance with chapter 57-15.
32. Amend and certify budgets and tax levies, as provided in title 57.
33. Pay dues allowing for the board to hold membership in city, county, state, and national organizations and associations.
34. Designate, at its annual meeting, a newspaper of general circulation as the official newspaper of the district.

**SECTION 2. AMENDMENT.** Section 15.1-15-09 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-15-09. Alleged child abuse - Discharge - Nonrenewal of contract - Limitations.**

1. The board of a school district may not discharge or refuse to renew the contract of a teacher, a principal, or an assistant or associate superintendent solely because a report of suspected child abuse or neglect under section 50-25.1-05 alleges participation by the individual.
2. If a report of suspected child abuse or neglect under section 50-25.1-05 alleges participation by a teacher, a principal, or an assistant or associate superintendent, ~~the board of a school district may suspend the individual~~ may be suspended pending the outcome of the case by:
  - a. The board of the employing school district;
  - b. The superintendent of the employing school district, if authorized in accordance with subdivision b of subsection 22 of section 15.1-09-33; or
  - c. An individual charged with administering the district, if authorized in accordance with subdivision c of subsection 22 of section 15.1-09-33.

Approved March 12, 2015  
Filed March 12, 2015

## CHAPTER 144

### SENATE BILL NO. 2092

(Education Committee)

(At the request of the Superintendent of Public Instruction)

AN ACT to amend and reenact subsection 1 of section 15.1-12-10 and section 15.1-12-14 of the North Dakota Century Code, relating to the content of a school district reorganization plan and school board authority following approval of a reorganization plan.

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

**SECTION 1. AMENDMENT.** Subsection 1 of section 15.1-12-10 of the North Dakota Century Code is amended and reenacted as follows:

1. The reorganization plan required by section 15.1-12-09 must:
  - a. Include a map showing the boundaries of each participating district and of the proposed new district;
  - b. Include the number of students enrolled in each participating district during the current school year and during the ten preceding school years;
  - c. Include projected student enrollments for the ensuing ten years;
  - d. Include the location and condition of all school buildings and facilities in each participating district and intended uses for the buildings and facilities;
  - e. Address planned construction, modification, or improvement of school buildings and facilities located within the boundaries of the new district;
  - f. Address planned course offerings by the new district;
  - g. Include the planned administrative structure of the new district and the number of full-time equivalent personnel to be employed by the new district;
  - h. Include the planned number of members who will constitute the board of the new district and the manner in which the members are to be elected;
  - i. Address plans regarding student transportation;
  - j. Identify other governmental entities, including multidistrict special education units and area career and technology centers, which may provide services to the new district;
  - k. Include the taxable valuation and per student valuation of each participating district and the taxable valuation and per student valuation of the new district;

- l. Include the amount of all bonded and other indebtedness incurred by each participating district;
- m. Include the current budget for each participating school district together with:
  - (1) The district's estimated ending fund balance; and
  - (2) A list of the district's anticipated expenditures for goods and services, whether in a single transaction or in multiple transactions, if the total value of the goods or services exceeds three thousand dollars, provided the requirements of this paragraph do not extend to salaries, benefits, or other compensation paid or payable to school district personnel;
- n. Address the planned disposition of all property, assets, debts, and liabilities of each participating district, taking into consideration section 15.1-12-18;
- n-o. Include a proposed budget for the new district and a proposed general fund levy and any other levies, provided that tax levies submitted to and approved by the state board as part of a reorganization plan are not subject to mill levy limitations otherwise provided by law;
- o-p. Include the official name of the new district, which must include the phrase "school district" or "public school district" and which may include no more than two additional words;
- p-q. Include the number of the new district, as assigned by the superintendent of public instruction; and
- q-r. Include any other information that the participating school districts wish to have considered by the county committee or the state board.

**SECTION 2. AMENDMENT.** Section 15.1-12-14 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-12-14. School district reorganization - School boards - Assumption of duties - Approval of expenditures - Contracts.**

1. Upon approval of a reorganization plan by the electors, in accordance with section 15.1-12-11, a school board for the reorganized district must be elected at the next regular school district election or at a special election called by the county superintendent of schools for that purpose. The first school board election in a newly reorganized district is governed by chapter 15.1-09.
2. Members of newly formed school boards representing reorganized districts may not enter upon the duties of office until the time specified in section 15.1-12-18, except as provided in sections 15.1-12-15 and 15.1-12-16. ~~Before the completion of a reorganization, the board of an existing district may not contract or obligate the district, except with the approval of the county committee or unless authorized by law.~~
3. Unless otherwise directed by law or by the reorganization plan, between the date on which the reorganization is approved and the date on which the reorganization becomes effective, the board of a school district participating in

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the reorganization must obtain written consent from the board of every other school district participating in the reorganization before it:

- a. Enters into any new contract, whether oral or written, which financially obligates the district;
- b. Renews any existing contract, whether oral or written, which financially obligates the district; or
- c. Purchases any goods or services, whether in a single or in multiple transaction, if the total value of the goods or services exceeds three thousand dollars, provided the requirements of this subdivision do not extend to salaries, benefits, or other compensation paid or payable to school district personnel.

Approved April 15, 2015  
Filed April 15, 2015

## CHAPTER 145

### HOUSE BILL NO. 1316

(Representatives Monson, Nathe)  
(Senator Luick)

AN ACT to create and enact section 15.1-14-03.1 and a new section to chapter 15.1-15 of the North Dakota Century Code, relating to the evaluation and nonrenewal of principals and school district superintendents; and to amend and reenact sections 15.1-14-03 and 15.1-14-12 of the North Dakota Century Code, relating to the evaluation and nonrenewal of school district superintendents.

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

**SECTION 1. AMENDMENT.** Section 15.1-14-03 of the North Dakota Century Code is amended and reenacted as follows:

##### **15.1-14-03. School district superintendent - Evaluation.**

1. a. ~~Before December~~ On or before November fifteenth of each year, the board of a school district shall conduct a ~~formative~~ ean evaluation of the superintendent's performance.
2. b. ~~Before~~ On or before March fifteenth of each year, the board shall conduct a ~~formal~~ second evaluation of the superintendent's performance.
  - c. ~~The board shall place a copy of the evaluation report in the superintendent's file and shall provide a copy of the~~ each evaluation report required by this subsection to the superintendent and shall place a copy of each report in the superintendent's personnel file.
- 3-2. If the board finds the superintendent's performance to be unsatisfactory in any area, the board shall detail its findings regarding the superintendent's performance in the report and shall make recommendations.
- 4-3. Upon receiving ~~the~~ an evaluation report, the superintendent may provide a written response to the board. The board shall place the superintendent's written response in the superintendent's personnel file.
- 5-4. The board shall meet with the superintendent to discuss the evaluation.

**SECTION 2.** Section 15.1-14-03.1 of the North Dakota Century Code is created and enacted as follows:

##### **15.1-14-03.1. Individual functioning as a principal and a superintendent - Treatment.**

Notwithstanding the provisions of chapter 15.1-15, if an individual is employed by the board of a school district to function as both a school principal and a school district superintendent, that individual must be treated as a school district superintendent for all purposes related to the individual's evaluation, discharge, and nonrenewal, as set forth in accordance with sections 15.1-14-03 through 15.1-14-12.

**SECTION 3. AMENDMENT.** Section 15.1-14-12 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-14-12. School district superintendent - Employed for less than two years - Notification of nonrenewal.**

1. If the board of a school district elects not to renew the contract of a superintendent who has been employed by the board in that position for less than two years, the board shall provide written notice of the nonrenewal to the superintendent before May first. At the request of the superintendent, the board shall meet with the superintendent, in executive session, to convey the reasons for the nonrenewal.
2. No claim for libel or slander may be brought regarding any communication made at an executive session held in accordance with this section.

**SECTION 4.** A new section to chapter 15.1-15 of the North Dakota Century Code is created and enacted as follows:

**Principal - Employed for less than two years - Notification of nonrenewal.**

1. If the board of a school district elects not to renew the contract of a principal, an assistant superintendent, or an associate superintendent, who has been employed by the board in that position for less than two years, the board shall provide written notice of the nonrenewal to the individual before May first. At the request of the individual, the board shall meet with the individual, in executive session, to convey the reasons for the nonrenewal.
2. No claim for libel or slander may be brought regarding any communication made at an executive session held in accordance with this section.

Approved March 25, 2015  
Filed March 25, 2015

## CHAPTER 146

### HOUSE BILL NO. 1174

(Representatives Lefor, Bellew, Fehr, Schatz)  
(Senators Burckhard, Davison, Krebsbach, Unruh)

AN ACT to amend and reenact section 15.1-16-03 of the North Dakota Century Code, relating to education factfinding commission compensation.

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

**SECTION 1. AMENDMENT.** Section 15.1-16-03 of the North Dakota Century Code is amended and reenacted as follows:

#### **15.1-16-03. Education factfinding commission - Compensation.**

Each member of the commission is entitled to receive compensation at the rate of one hundred ten dollars per dayset for a member of the legislative assembly under subsection 1 of section 54-03-20 and reimbursement for expenses, as provided by law for state officers, for attending commission meetings or performing duties directed by the commission.

Approved April 8, 2015

Filed April 8, 2015

## CHAPTER 147

### HOUSE BILL NO. 1251

(Representatives Monson, D. Johnson)  
(Senators Luick, Rust)

AN ACT to create and enact a new section to chapter 15.1-16 of the North Dakota Century Code, relating to school district negotiations; and to amend and reenact sections 15.1-15-04 and 15.1-16-13 of the North Dakota Century Code, relating to school district contract renewals and negotiations.

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

**SECTION 1. AMENDMENT.** Section 15.1-15-04 of the North Dakota Century Code is amended and reenacted as follows:

##### **15.1-15-04. Contracts - Renewals - Notice.**

1. a. If the board of a school district elects not to renew the contract of a teacher, a principal, or an assistant or associate superintendent for the ensuing school year, the board shall provide written notification of the decision to the individual.
  - b. The board may not notify the individual under this section earlier than March first nor later than May first of the school year in which the individual has been employed.
  - c. The failure of a board to provide written notice under this subsection constitutes an offer to renew the individual's contract for the ensuing school year, under the same terms and conditions as the individual's current contract.
2. a. No earlier than March first nor later than May first, the board of a school district shall ~~notify~~provide to each individual offered ~~a contract renewal of a contract notification~~ of the date by which the individual must accept or reject the contract.
  - b. ~~At least thirtyfourteen~~ calendar days must pass between the notification of ~~each individual, as required by this subsection,~~ and the date by which the individual must accept or reject the contract.
3. a. In order to accept an offer to renew a contract, including an offer generated by the failure of a board to provide written notice as required by subsection 1, an individual shall provide written notification of acceptance to the board on or before the date required by the board or ~~June first~~May fifteenth, whichever is earlier. An individual accepting an offer to renew a contract is entitled to a written contract for the ensuing school year.
  - b. In order to reject an offer to renew a contract, including an offer generated by the failure of a board to provide written notice as required by subsection 1, an individual shall provide written notification of rejection to

the board on or before the date required by the board or ~~June first~~May fifteenth, whichever is earlier.

- c. If an individual fails to provide notification of acceptance or rejection of an offer to renew a contract, the board is relieved of any continuing contract provisions.
4.
  - a. If negotiations are being carried on pursuant to chapter 15.1-16, the provisions of this section requiring the board of a school district to give an individual notice and requiring that the individual respond to the notice are suspended until the negotiations are completed.
  - b. If negotiations do not begin as required by subsection 5 of section 15.1-16-13, the board of a school district may provide notification to each individual offered a contract renewal.

**SECTION 2. AMENDMENT.** Section 15.1-16-13 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-16-13. Good-faith negotiations.**

1. The board of a school district or its representatives and the representative organization or its representatives shall, if requested by either entity, meet at reasonable times and negotiate in good faith regarding:
  - a. The terms and conditions of employment.
  - b. Employer-employee relations.
  - c. Formation of a contract, which may contain a provision for binding arbitration.
  - d. The interpretation of an existing contract.
2. The board of a school district and the representative organization, at the request of either party, shall execute a written contract incorporating any agreement reached.
3. Either the board of a school district or the representative organization may modify or terminate the contract on its annual anniversary date by giving notice of its desire to modify or terminate the contract to the other party not less than sixty days before the annual anniversary date.
4. Nothing in this section compels either the board of a school district or a representative organization to agree to a proposal or to make a concession.
5. Good-faith negotiations must begin no later than the thirtieth day after the representative organization is recognized by the board of the school district, in accordance with section 15.1-16-11, unless otherwise agreed to by the board of the school district and the representative organization.

**SECTION 3.** A new section to chapter 15.1-16 of the North Dakota Century Code is created and enacted as follows:

**Negotiation strategy and instructions - Executive session.**

The board of a school district, or any authorized subcommittee of the board, may hold an executive session under section 44-04-19.2 to discuss negotiating strategies or to provide to its representative negotiating instructions, which are applicable to anticipated or pending:

1. Litigation;
2. Adversarial administrative proceedings; or
3. Contracts.

Approved March 27, 2015  
Filed March 27, 2015

**CHAPTER 148****SENATE BILL NO. 2209**

(Senators Heckaman, Axness, Flakoll, Marcellais)  
(Representatives Hunskor, Monson)

AN ACT to amend and reenact section 15.1-19-24 of the North Dakota Century Code, relating to youth suicide prevention training.

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

**SECTION 1. AMENDMENT.** Section 15.1-19-24 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-19-24. Youth suicide prevention - Training.**

1. ~~Once every two years~~ Annually, each school district shall provide to middle school and high school instructional staff, teachers, and administrators, at least two hours of professional development relating to youth suicide risk indicators, appropriate ~~staff~~ responses, and referral sources.
2. The superintendent of public instruction shall collaborate with the state department of health to obtain and disseminate to school districts and nonpublic schools, free of charge, information and training materials, including those available through the Jason foundation.

Approved April 1, 2015  
Filed April 1, 2015

## CHAPTER 149

### SENATE BILL NO. 2089

(Education Committee)

(At the request of the Superintendent of Public Instruction)

AN ACT to amend and reenact section 15.1-21-02.5 of the North Dakota Century Code, relating to eligibility for a North Dakota academic scholarship.

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

**SECTION 1. AMENDMENT.** Section 15.1-21-02.5 of the North Dakota Century Code is amended and reenacted as follows:

##### **15.1-21-02.5. North Dakota academic scholarship.**

Any resident student who graduates from a high school during or after the 2010-11 school year and any resident student who completes a program of home education supervised in accordance with chapter 15.1-23 during or after the 2012-13 school year is eligible to receive a North Dakota academic scholarship provided the student:

1. Completed four units of English language arts from a sequence that includes literature, composition, and speech;
2. Completed three units of mathematics, including:
  - a. One unit of algebra II, as defined by the superintendent of public instruction; and
  - b. One unit of mathematics for which algebra II, as defined by the superintendent of public instruction, is a prerequisite;
3. Completed three units of science, including:
  - a. One unit of physical science;
  - b. One unit of biology; and
  - c. (1) One unit of any other science; or  
(2) Two one-half units of any other science;
4. Completed three units of social studies, including:
  - a. One unit of United States history;
  - b. (1) One-half unit of United States government and one-half unit of economics; or  
(2) One unit of problems of democracy; and

- c. One unit or two one-half units of any other social studies, which may include civics, civilization, geography and history, multicultural studies, North Dakota studies, psychology, sociology, and world history;
- 5. a. Completed one unit of physical education; or
    - b. One-half unit of physical education and one-half unit of health;
- 6. a. Completed two units of:
    - (1) The same foreign language;
    - (2) The same native American language;
    - (3) American sign language; or
    - (4) Career and technical education from a coordinated plan of study recommended by the department of career and technical education and approved by the superintendent of public instruction; and
  - b. One unit selected from:
    - (1) Foreign languages;
    - (2) Native American languages;
    - (3) American sign language;
    - (4) Fine arts; or
    - (5) Career and technical education;
- 7. Completed any five additional units;
- 8. a. (1) Obtained a cumulative grade point average of at least 3.0 on a 4.0 grading scale, as determined by the superintendent of public instruction, based on all high school units in which the student was enrolled; and
    - (2) Obtained a grade of at least "C" in each unit or one-half unit; or
  - b. (1) Obtained a cumulative grade point average of at least 3.0 on a 4.0 grading scale, as determined by the superintendent of public instruction, based only on the units required by subsections 1 through 7; and
    - (2) Obtained a grade of at least "C" in each unit or one-half unit;
- 9. Received a composite score of at least twenty-four on an ACT; and
- 10. a. Fulfilled any one unit requirement set forth in subsections 1 through 7 by means of an advanced placement course and examination;
  - b. Fulfilled any one unit requirement set forth in subsections 1 through 4 or 6 by completion, through an early entrance program, of a nonremedial

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postsecondary course offered for credit at an accredited institution of higher education which has a physical presence in this state; or

- b-c. Fulfilled any one-half unit requirement set forth in subsections 1 through 7 by means of a dual-credit course.

Approved March 12, 2015

Filed March 12, 2015

## CHAPTER 150

### SENATE BILL NO. 2074

(Senators Heckaman, Sorvaag, Flakoll)  
(Representatives Delmore, Hanson, Dosch)

AN ACT to amend and reenact section 15.1-21-02.6 of the North Dakota Century Code, relating to the scholarship eligibility of students enrolled in external experiences.

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

<sup>114</sup> **SECTION 1. AMENDMENT.** Section 15.1-21-02.6 of the North Dakota Century Code is amended and reenacted as follows:

#### **15.1-21-02.6. North Dakota scholarship - Amount - Applicability.**

1. a. The state board of higher education shall provide to any student certified as being eligible by the superintendent of public instruction either a North Dakota academic scholarship or a North Dakota career and technical education scholarship in the amount of seven hundred fifty dollars for each semester during which the student is enrolled full time at an accredited institution of higher education in this state and maintains a cumulative grade point average of 2.75.
- b. The state board of higher education shall provide to any student certified as being eligible by the superintendent of public instruction either a North Dakota academic scholarship or a North Dakota career and technical education scholarship in the amount of five hundred dollars for each quarter during which the student is enrolled full time at an accredited institution of higher education in this state and maintains a cumulative grade point average of 2.75.
2. The state board shall monitor each scholarship recipient to ensure that the student meets the academic and other requirements of this section. Upon determining that a recipient student has failed to meet the requirements of this section, the board shall provide notification to the student within ten days.
3. A student is not entitled to receive more than six thousand dollars under this section.
4. The state board of higher education shall forward the scholarship directly to the institution in which the student is enrolled.
5. a. (1) This section does not require a student to be enrolled in consecutive semesters.  
(2) This section does not require a student to be enrolled in consecutive quarters.

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<sup>114</sup> Section 15.1-21-02.6 was also amended by section 1 of Senate Bill No. 2075, chapter 151.

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- b. However, a scholarship under this section is valid only for six academic years after the student's graduation from high school and may not be applied to graduate programs.
6. A scholarship under this section is available to any eligible resident student who fulfills the requirements of section 15.1-21-02.4 or 15.1-21-02.5 and who:
    - a. Graduates from a high school in this state;
    - b. Graduates from a high school in a bordering state under chapter 15.1-29;
    - c. Graduates from a nonpublic high school in a bordering state while residing with a custodial parent in this state; or
    - d. Completes a program of home education supervised in accordance with chapter 15.1-23.
  7. a. For purposes of North Dakota scholarship eligibility under this section, "full-time" means enrollment in at least twelve credits during a student's first two semesters and enrollment in at least fifteen credits during each semester thereafter or enrollment in the equivalent number of credits, as determined by the state board of higher education, with respect to students in a quarter system.
    - b. (1) If a student requires fewer than fifteen credits to graduate, the student may retain scholarship eligibility by enrolling in fewer than fifteen but at least twelve credits during the semester, or the equivalent number of credits, as determined by the state board of higher education, with respect to students in a quarter system.
    - (2) Students who graduated from high school during the 2009-10 or the 2010-11 school year and who have completed six semesters may retain scholarship eligibility by enrolling in only twelve credits during each of the student's final two semesters, or the equivalent number of credits, as determined by the state board of higher education, with respect to students in a quarter system.
    - (3) The requirement that a student be enrolled in at least fifteen credits, as set forth in subdivision a, does not apply in the case of a student participating in a clinical, practicum, internship, cooperative program, or similar external experience, provided the:
      - (a) The external experience is equivalent to at least ~~twelve units~~ six credits, or such similar amount as determined by the state board of higher education, with respect to students in a quarter system, ~~and considered to be a "full time" placement for purposes of meeting graduation requirements; and~~
      - (b) The credits for the external experience, together with any other credits in which the student is enrolled, total at least twelve.

## CHAPTER 151

### SENATE BILL NO. 2075

(Senators Heckaman, Sorvaag, Flakoll)  
(Representatives Delmore, Hanson, Dosch)

AN ACT to amend and reenact section 15.1-21-02.6 of the North Dakota Century Code, relating to the North Dakota scholarship eligibility of students in accelerated programs.

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

<sup>115</sup> **SECTION 1. AMENDMENT.** Section 15.1-21-02.6 of the North Dakota Century Code is amended and reenacted as follows:

#### **15.1-21-02.6. North Dakota scholarship - Amount - Applicability.**

1. a. The state board of higher education shall provide to any student certified as being eligible by the superintendent of public instruction either a North Dakota academic scholarship or a North Dakota career and technical education scholarship in the amount of seven hundred fifty dollars for each semester during which the student is enrolled full time at an accredited institution of higher education in this state and maintains a cumulative grade point average of 2.75.
- b. The state board of higher education shall provide to any student certified as being eligible by the superintendent of public instruction either a North Dakota academic scholarship or a North Dakota career and technical education scholarship in the amount of five hundred dollars for each quarter during which the student is enrolled full time at an accredited institution of higher education in this state and maintains a cumulative grade point average of 2.75.
2. The state board shall monitor each scholarship recipient to ensure that the student meets the academic and other requirements of this section. Upon determining that a recipient student has failed to meet the requirements of this section, the board shall provide notification to the student within ten days.
3. A student is not entitled to receive more than six thousand dollars under this section.
4. The state board of higher education shall forward the scholarship directly to the institution in which the student is enrolled.
5. a. (1) This section does not require a student to be enrolled in consecutive semesters.  
(2) This section does not require a student to be enrolled in consecutive quarters.

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<sup>115</sup> Section 15.1-21-02.6 was also amended by section 1 of Senate Bill No. 2074, chapter 150.

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- b. ~~However, a~~ scholarship under this section is valid only for six academic years after the student's graduation from high school and may ~~not~~ be applied to a graduate program.
6. A scholarship under this section is available to any eligible resident student who fulfills the requirements of section 15.1-21-02.4 or 15.1-21-02.5 and who:
    - a. Graduates from a high school in this state;
    - b. Graduates from a high school in a bordering state under chapter 15.1-29;
    - c. Graduates from a nonpublic high school in a bordering state while residing with a custodial parent in this state; or
    - d. Completes a program of home education supervised in accordance with chapter 15.1-23.
  7. a. For purposes of North Dakota scholarship eligibility under this section, "full-time" means enrollment in at least twelve credits during a student's first two semesters and enrollment in at least fifteen credits during each semester thereafter or enrollment in the equivalent number of credits, as determined by the state board of higher education, with respect to students in a quarter system.
    - b. (1) If a student requires fewer than fifteen credits to graduate, the student may retain scholarship eligibility by enrolling in fewer than fifteen but at least twelve credits during the semester, or the equivalent number of credits, as determined by the state board of higher education, with respect to students in a quarter system.
      - (2) Students who graduated from high school during the 2009-10 or the 2010-11 school year and who have completed six semesters may retain scholarship eligibility by enrolling in only twelve credits during each of the student's final two semesters, or the equivalent number of credits, as determined by the state board of higher education, with respect to students in a quarter system.
      - (3) The requirement that a student be enrolled in at least fifteen credits, as set forth in subdivision a, does not apply in the case of a student participating in a clinical, practicum, internship, cooperative program, or similar external experience, provided the external experience is equivalent to at least twelve units, or such similar amount as determined by the state board of higher education, with respect to students in a quarter system, and considered to be a "full time" placement for purposes of meeting graduation requirements.

Approved April 20, 2015

Filed April 20, 2015

## CHAPTER 152

### HOUSE BILL NO. 1087

(Representatives Nathe, Larson, Schatz, Sanford, Carlson, Hunsakor)  
(Senators Heckaman, Flakoll, Wardner)

AN ACT to create and enact a new section to chapter 15.1-21 of the North Dakota Century Code, relating to the demonstration of proficiency in civics as a condition of high school graduation.

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

**SECTION 1.** A new section to chapter 15.1-21 of the North Dakota Century Code is created and enacted as follows:

#### **High school graduation requirement - Civics test.**

1. For purposes of this section, "civics test" means the one hundred questions that, as of January 1, 2015, officers of the United States citizenship and immigration services use as the basis for selecting the questions posed to applicants for naturalization, in order that the applicants can demonstrate a knowledge and understanding of the fundamentals of United States history and the principles and form of United States government, as required by 8 U.S.C. 1423.
2.
  - a. If a student is enrolled in the twelfth grade during the 2016-17 school year, that student must, as a condition of receiving a high school diploma, correctly answer at least sixty percent of the questions on the civics test.
  - b. Before any other student may be awarded a high school diploma, that student must correctly answer at least seventy percent of the questions on the civics test.
3.
  - a. The requirement set forth in this section applies to each student who is:
    - (1) Enrolled in a public school district;
    - (2) Enrolled in a nonpublic school;
    - (3) Enrolled in the center for distance education;
    - (4) Receiving home education if the student is to be issued a high school diploma in accordance with subsection 1 of section 15.1-23-17; or
    - (5) Pursuing a general equivalency diploma.
  - b. A student may be exempted from the requirement of this section by the provisions of the student's individualized education program plan.
4. The superintendent of public instruction shall, upon request, provide to the person administering the civics test the correct answer or acceptable answers to each question.

5. A student may take the test, in whole or in part, at any time after enrolling in grade seven and may repeat the test, or any portion thereof, as often as necessary to demonstrate proficiency.
6. Neither the superintendent of public instruction nor a school district may impose or collect any fees or charges in connection with this section.
7. This section is applicable to any student who graduates from high school during or after the 2016-17 school year.

Approved January 30, 2015  
Filed January 30, 2015

## CHAPTER 153

### SENATE BILL NO. 2039

(Legislative Management)  
(Government Finance Committee)

AN ACT to create and enact a new section to chapter 15-10, a new section to chapter 15.1-27, and two new sections to chapter 15.1-36 of the North Dakota Century Code, relating to a scholarship endowment fund, uses of the foundation aid stabilization fund, a school construction assistance loan fund, and school construction loans; to amend and reenact section 15.1-36-01, subsection 1 of section 15.1-36-02, section 16.1-01-11, and subsection 1 of section 57-62-02 of the North Dakota Century Code, relating to school construction approval and loans, bond elections, and the coal development trust fund; to provide a continuing appropriation; to provide for transfers; to provide for a contingent effective date; and to declare an emergency.

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

**SECTION 1.** A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

##### **Scholarship endowment fund - Rules.**

1. The scholarship endowment fund is a special fund in the state treasury. Moneys deposited in the fund must remain in the fund on a permanent basis.
2. All interest and other earnings of the fund are dedicated to the awarding of scholarships to residents of this state attending institutions of higher education in the state.
3. Scholarships may be awarded only from the interest or other earnings of the fund and not from the fund's principal.

**SECTION 2.** A new section to chapter 15.1-27 of the North Dakota Century Code is created and enacted as follows:

##### **Uses of the foundation aid stabilization fund.**

Any accessible funds that remain in the foundation aid stabilization fund, after completion of the required transfers to other funds, must be used for educationally-related purposes, including state aid to school districts and educationally-related property tax relief to school district patrons.

<sup>116</sup> **SECTION 3. AMENDMENT.** Section 15.1-36-01 of the North Dakota Century Code is amended and reenacted as follows:

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<sup>116</sup> Section 15.1-36-01 was also amended by section 1 of House Bill No. 1426, chapter 154, and section 1 of Senate Bill No. 2178, chapter 155.

**15.1-36-01. School construction projects - Approval.**

1. Notwithstanding the powers and duties of school boards provided by law, the superintendent of public instruction shall approve the construction, purchase, repair, improvement, modernization, or renovation of any public school building or facility before commencement of the project if the cost of the project, as estimated by the school board, is in excess of one hundred thousand dollars.
2. The superintendent of public instruction may not approve a project unless the school district proposing the project:
  - a. Demonstrates the need for the project and the educational utility of the project or demonstrates potential utilization of the project by a future reorganized school district;
  - b. ~~In the case of new construction or a renovation affecting more than fifty percent of an existing structure's square footage, demonstrates that circumstances within the district are likely to result in a stable or increasing student population~~
    - (1) Demonstrates that the student population has been stable or has increased during the preceding five school years and is expected to be stable or to increase during the ensuing five school years; or
    - (2) Demonstrates by clear and convincing evidence that, despite a declining student population, there are no feasible alternatives to the proposed project; and
  - c. Demonstrates the capacity to pay for the project under rules adopted by the superintendent of public instruction pursuant to chapter 28-32.
3. a. If the superintendent of public instruction denies the project, the school board may appeal the superintendent's decision to the state board of public school education. In considering the appeal, the state board shall review:
  - (1) The need for the project;
  - (2) The educational utility of the project;
  - (3) The potential use of the project by a future reorganized school district;
  - (4) The capacity of the district to pay for the project; and
  - (5) Any other objective factors relative to the appeal.
- b. The decision of the state board is final.
4. This section is applicable to any construction, purchase, repair, improvement, renovation, or modernization, even if the school board pays for the project in whole or in part with moneys received on account of the leasing of lands acquired by the United States for flood control, navigation, and allied purposes in accordance with 33 U.S.C. 701c-3 or in accordance with moneys received under the American Recovery and Reinvestment Act of 2009.

5. For purposes of this chapter, "facility" includes a public school parking lot, public school athletic complex, or any other improvement to real property owned by the school district.

<sup>117</sup> **SECTION 4. AMENDMENT.** Subsection 1 of section 15.1-36-02 of the North Dakota Century Code is amended and reenacted as follows:

1. In order to provide school construction loans, the board of university and school lands may authorize the use of:
  - a. Fifty million dollars, or so much of that amount as may be necessary, from the coal development trust fund, established pursuant to section 21 of article X of the Constitution of North Dakota and subsection 1 of section 57-62-02; and
  - b. One hundred fifty million dollars from the strategic investment and improvements fund, established pursuant to section 15-08.1-08, for the period ending June 30, 2015.

**SECTION 5.** A new section to chapter 15.1-36 of the North Dakota Century Code is created and enacted as follows:

**School construction loans - Bank of North Dakota.**

1. In addition to any construction loans made available under section 15.1-36-02, the Bank of North Dakota may provide up to two hundred million dollars from the school construction assistance loan fund to eligible school districts for school construction loans, except that the total of all loans provided under this section prior to July 1, 2018, may not exceed fifty percent of the total amount authorized under this subsection.
2. To be eligible for a loan under this section, the board of a school district shall:
  - a. Propose a new construction or remodeling project with a cost of at least one million dollars and an expected utilization of at least thirty years;
  - b. Obtain the approval of the superintendent of public instruction for the project under section 15.1-36-01;
  - c. (1) Request from the tax commissioner a statement of the estimated tax increase, in mills and dollars, which would be applicable to a residential parcel of average true and full value within the county in which the school district is headquartered, if a loan under this section and any associated school construction bond issue were to be authorized in accordance with chapter 21-03;  
  
(2) Request from the tax commissioner a statement of the estimated tax increase, in mills and dollars, which would be applicable to an acre of cropland and to an acre of noncropland, of average true and full value within the county in which the school district is headquartered, if a loan under this section and any associated school construction bond issue were to be authorized in accordance with chapter 21-03;

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<sup>117</sup> Section 15.1-36-02 was also amended by section 17 of Senate Bill No. 2031, chapter 137.



- b. The Bank shall receive payments of principal and interest from school districts and shall deposit such payments in the school construction assistance loan fund.

**\*SECTION 6.** A new section to chapter 15.1-36 of the North Dakota Century Code is created and enacted as follows:

**School construction assistance loan fund - Continuing appropriation.**

1. The school construction assistance loan fund is a special revolving loan fund in the state treasury. The fund consists of:
  - a. All moneys appropriated or transferred to the fund by the legislative assembly;
  - b. One hundred fifty million dollars from the strategic investment and improvements fund, which had been allocated by the sixty-third legislative assembly for school construction loans in accordance with section 15.1-36-02;
  - c. The income, including interest payments on loans from the coal development trust fund, as authorized in accordance with section 57-62-02; and
  - d. All interest or other earnings of the fund, and all repayments of loans made from the fund.
2. Moneys in the fund are appropriated on a continuing basis for the purpose of providing low-interest school construction loans, in accordance with this chapter.

<sup>118</sup> **SECTION 7. AMENDMENT.** Section 16.1-01-11 of the North Dakota Century Code is amended and reenacted as follows:

**16.1-01-11. Certain questions not to be voted upon for three months.**

1. Whenever at any election a bond issue or mill levy question has failed to receive the required number of votes for approval by the electors, the matter may not again be submitted to a vote until a period of at least three months has expired, ~~and in no event may more.~~
2.
  - a. More than two elections on the same general matter may not be held within twelve consecutive calendar months.
  - b. If the matter to be placed before the electors for a third or subsequent time involves authorization for a school construction bond issuance in accordance with chapter 21-03, the board of the school district shall resubmit its school construction proposal to the superintendent of public instruction for the purpose of obtaining the superintendent's approval, in the same manner as required for an initial approval in accordance with section 15.1-36-01.

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<sup>118</sup> Section 16.1-01-11 was also amended by section 3 of Senate Bill No. 2178, chapter 155.

**SECTION 8. AMENDMENT.** Subsection 1 of section 57-62-02 of the North Dakota Century Code is amended and reenacted as follows:

1. Thirty percent must be deposited in a permanent trust fund in the state treasury, to be known as the coal development trust fund, pursuant to section 21 of article X of the Constitution of North Dakota. Those funds held in trust and administered by the board of university and school lands on March 5, 1981, pursuant to section 12, chapter 563, 1975 Session Laws; section 12, chapter 560, 1977 Session Laws; or section 13, chapter 626, 1979 Session Laws must also be deposited in the trust fund created pursuant to this subsection. The fund must be held in trust and administered by the board of university and school lands for loans to coal-impacted counties, cities, and school districts as provided in section 57-62-03 and for loans to school districts pursuant to chapter 15.1-36. The board of university and school lands may invest such funds as are not loaned out as provided in this chapter and may consult with the state investment board as provided by law. The income, including interest payments on loans, from the trust must be used first to replace uncollectible loans made from the fund and the balance must be deposited in the ~~state's general~~ school construction assistance loan fund. Loan principal payments must be redeposited in the trust fund. The trust fund must be perpetual and held in trust as a replacement for depleted natural resources subject to the provisions of this chapter and chapter 15.1-36.

**SECTION 9. TRANSFER - FOUNDATION AID STABILIZATION FUND TO SCHOOL CONSTRUCTION ASSISTANCE LOAN FUND.** During the period beginning with the effective date of this section, and ending June 30, 2017, the office of management and budget shall transfer an amount equal to the lesser of \$200,000,000 or fifty percent of the balance of the foundation aid stabilization fund on December 1, 2016, from the foundation aid stabilization fund to the school construction assistance loan fund.

**SECTION 10. TRANSFER - FOUNDATION AID STABILIZATION FUND TO SCHOLARSHIP ENDOWMENT FUND.** During the period beginning with the effective date of this section, and ending June 30, 2017, the office of management and budget shall transfer an amount equal to the lesser of \$200,000,000 or fifty percent of the balance of the foundation aid stabilization fund on December 1, 2016, from the foundation aid stabilization fund to the scholarship endowment fund.

**SECTION 11. CONTINGENT EFFECTIVE DATE.** Sections 2, 5, 9, and 10 of this Act are contingent on the passage of Senate Concurrent Resolution No. 4003 by the sixty-fourth legislative assembly and approval of that measure by the voters of this state. If sections 2, 5, 9, and 10 of this Act take effect, the sections become effective on December 1, 2016.

**SECTION 12. EMERGENCY.** This Act is declared to be an emergency measure.

Approved May 13, 2015  
Filed May 14, 2015

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\* Section 6 of Senate Bill No. 2039 was vetoed, see chapter 489.

## CHAPTER 154

### HOUSE BILL NO. 1426

(Representatives Steiner, Rick C. Becker, Devlin, Trottier)

AN ACT to amend and reenact subsection 1 of section 15.1-36-01 and sections 43-19.1-28 and 48-01.2-02.1 of the North Dakota Century Code, relating to approval of school construction projects by the superintendent of public instruction and bids and plans and specifications for public improvements; and to provide for application.

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

<sup>119</sup> **SECTION 1. AMENDMENT.** Subsection 1 of section 15.1-36-01 of the North Dakota Century Code is amended and reenacted as follows:

1. Notwithstanding the powers and duties of school boards provided by law, the superintendent of public instruction shall approve the construction, purchase, repair, improvement, modernization, or renovation of any public school building or facility before commencement of the project if the cost of the project, as estimated by the school board, is in excess of one hundred fifty thousand dollars.

**SECTION 2. AMENDMENT.** Section 43-19.1-28 of the North Dakota Century Code is amended and reenacted as follows:

#### **43-19.1-28. Public works.**

Except as otherwise provided by law, the state and its political subdivisions may not engage in the construction of public works involving the practice of professional engineering when the contemplated expenditure for the project exceeds the sum of one hundred fifty thousand dollars, unless the engineering drawings and specifications and estimates have been prepared by, and the construction administration and construction observation services are executed under the supervision of, a registered professional engineer. Any engineering contract executed in violation of this section is void.

**SECTION 3. AMENDMENT.** Section 48-01.2-02.1 of the North Dakota Century Code is amended and reenacted as follows:

#### **48-01.2-02.1. Public improvement construction threshold.**

The threshold for bidding construction of a public improvement is one hundred thousand dollars. The threshold for procuring plans, drawings, and specifications from an architect or engineer for construction of a public improvement is one hundred fifty thousand dollars.

**SECTION 4. APPLICATION.** Sections 2 and 3 of this Act apply to any public improvement project for which a contract or agreement for plans, drawings, or specifications is executed after the effective date of this Act.

Approved March 25, 2015  
Filed March 25, 2015

<sup>119</sup> Section 15.1-36-01 was also amended by section 3 of Senate Bill No. 2039, chapter 153, and section 1 of Senate Bill No. 2178, chapter 155.

## CHAPTER 155

### SENATE BILL NO. 2178

(Senators Schaible, Heckaman, G. Lee, Rust)  
(Representatives Kempenich, Rohr)

AN ACT to create and enact a new section to chapter 15.1-36 and a new section to chapter 26.1-22 of the North Dakota Century Code, relating to school construction loans and insurance coverage for real property and improvements leased by a school district; to amend and reenact sections 15.1-36-01 and 16.1-01-11 of the North Dakota Century Code, relating to the approval of school construction projects and to bond elections; to provide for a transfer; to provide an expiration date; and to declare an emergency.

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

<sup>120</sup> **SECTION 1. AMENDMENT.** Section 15.1-36-01 of the North Dakota Century Code is amended and reenacted as follows:

##### **15.1-36-01. School construction projects - Approval.**

1. Notwithstanding the powers and duties of school boards provided by law, the superintendent of public instruction shall approve the construction, purchase, repair, improvement, modernization, or renovation of any public school building or facility before commencement of the project if the cost of the project, as estimated by the school board, is in excess of one hundred thousand dollars.
2. The superintendent of public instruction may not approve a project unless the school district proposing the project:
  - a. Demonstrates the need for the project and the educational utility of the project or demonstrates potential utilization of the project by a future reorganized school district;
  - b. ~~In the case of new construction or a renovation affecting more than fifty percent of an existing structure's square footage, demonstrates that circumstances within the district are likely to result in a stable or increasing student population~~
    - (1) Demonstrates that the student population has been stable or has increased during the preceding five school years and is expected to be stable or to increase during the ensuing five school years; or
    - (2) Demonstrates by clear and convincing evidence that, despite a declining student population, there are no feasible alternatives to the proposed project; and

<sup>120</sup> Section 15.1-36-01 was also amended by section 1 of House Bill No. 1426, chapter 154, and section 3 of Senate Bill No. 2039, chapter 153.

- c. Demonstrates the capacity to pay for the project under rules adopted by the superintendent of public instruction pursuant to chapter 28-32.
3. a. If the superintendent of public instruction denies the project, the school board may appeal the superintendent's decision to the state board of public school education. In considering the appeal, the state board shall review:
    - (1) The need for the project;
    - (2) The educational utility of the project;
    - (3) The potential use of the project by a future reorganized school district;
    - (4) The capacity of the district to pay for the project; and
    - (5) Any other objective factors relative to the appeal.
  - b. The decision of the state board is final.
4. This section is applicable to any construction, purchase, repair, improvement, renovation, or modernization, even if the school board pays for the project in whole or in part with moneys received on account of the leasing of lands acquired by the United States for flood control, navigation, and allied purposes in accordance with 33 U.S.C. 701c-3 or in accordance with moneys received under the American Recovery and Reinvestment Act of 2009.
  5. For purposes of this chapter, "facility" includes a public school parking lot, public school athletic complex, or any other improvement to real property owned by the school district.

**SECTION 2.** A new section to chapter 15.1-36 of the North Dakota Century Code is created and enacted as follows:

**School construction loans - Bank of North Dakota.**

1. In addition to any construction loans made available under section 15.1-36-02, the Bank of North Dakota may provide up to two hundred fifty million dollars to eligible school districts for school construction loans, except that the total of all loans provided under this section during the first year of the 2015-17 biennium may not exceed fifty percent of the total amount authorized under this subsection.
2. To be eligible for a loan under this section, the board of a school district shall:
  - a. Propose a new construction or remodeling project with a cost of at least one million dollars and an expected utilization of at least thirty years;
  - b. Obtain the approval of the superintendent of public instruction for the project under section 15.1-36-01;
  - c. (1) Request from the tax commissioner a statement of the estimated tax increase, in mills and dollars, which would be applicable to a residential parcel of average true and full value within the county in which the school district is headquartered, if a loan under this section

- and any associated school construction bond issue were to be authorized in accordance with chapter 21-03;
- (2) Request from the tax commissioner a statement of the estimated tax increase, in mills and dollars, which would be applicable to an acre of cropland and to an acre of noncropland, of average true and full value within the county in which the school district is headquartered, if a loan under this section and any associated school construction bond issue were to be authorized in accordance with chapter 21-03;
  - (3) Publish in the official newspaper of the district the information from the statements required by this subdivision with the notice of the election to authorize the school construction bond issuance in accordance with section 21-03-12; and
  - (4) Post on the school district's website the information from the statements preceding the date of the election to authorize the school construction bond issuance in accordance with chapter 21-03;
- d. Receive authorization for a bond issue in accordance with chapter 21-03; and
  - e. Submit a completed application to the Bank of North Dakota.
3. With the advice and consent of the superintendent of public instruction, the Bank of North Dakota shall award the loans in accordance with a prioritization system that is based on a review of all applications filed during the twelve-month period preceding April first and gives consideration to:
- a. Student occupancy and academic needs in the district;
  - b. The age of existing structures to be replaced or remodeled;
  - c. Building design proposals that are based on safety and vulnerability assessments;
  - d. Community support;
  - e. Cost; and
  - f. Any other criteria established in rule by the superintendent of public instruction, after consultation with an interim committee appointed by the legislative management.
4. The term of a loan under this section is twenty years, unless a shorter term is requested by the board of a school district in its application.
5. The interest rate on a loan under this section may not exceed two percent, until July 1, 2025. Thereafter, the interest rate on the remainder of a loan under this section:
- a. May not exceed the Bank of North Dakota's base rate; or
  - b. May be a fixed rate.

6. If a school district's unobligated general fund balance on the preceding June thirtieth exceeds the limitation set forth under section 15.1-27-35.3, the loan amount to which that district is entitled under this section may not exceed eighty percent of the project's cost.
7. The maximum loan amount to which a school district is entitled under this section is twenty million dollars.

<sup>121</sup> **SECTION 3. AMENDMENT.** Section 16.1-01-11 of the North Dakota Century Code is amended and reenacted as follows:

**16.1-01-11. Certain questions not to be voted upon for three months.**

1. Whenever at any election a bond issue or mill levy question has failed to receive the required number of votes for approval by the electors, the matter may not again be submitted to a vote until a period of at least three months has expired, ~~and in no event may more.~~
2.
  - a. More than two elections on the same general matter may not be held within twelve consecutive calendar months.
  - b. If the matter to be placed before the electors for a third or subsequent time involves authorization for a school construction bond issuance in accordance with chapter 21-03, the board of the school district shall resubmit its school construction proposal to the superintendent of public instruction for the purpose of obtaining the superintendent's approval, in the same manner as required for an initial approval in accordance with section 15.1-36-01.

**SECTION 4.** A new section to chapter 26.1-22 of the North Dakota Century Code is created and enacted as follows:

**School district - Leased property - Insurability.**

1. Notwithstanding any other provision of law, if the board of a school district entered a contract with a nonprofit corporation in this state during the period beginning November 1, 2013, and ending December 31, 2013, and if in accordance with the terms of that contract the nonprofit corporation acquired and constructed a school facility that the nonprofit corporation in turn leases back to the district for use in the provision of educational services, that facility is designated as a public facility owned by the school district for purposes of insurability under this chapter.
2. For purposes of this section, "school facility" means the real property referenced in the contract and all buildings, improvements, and fixtures on the real property.

**SECTION 5. TRANSFER.** There is transferred from the Bank of North Dakota's current earnings and undivided profits the sum of \$7,875,000, or so much of the sum as may be necessary, to the Bank of North Dakota for the purpose of providing interest rate buydowns on construction loans awarded to school districts under section 2 of this Act, for the biennium beginning July 1, 2015, and ending June 30, 2017.

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<sup>121</sup> Section 16.1-01-11 was also amended by section 7 of Senate Bill No. 2039, chapter 153.

**SECTION 6. EXPIRATION DATE.** Section 4 of this Act is effective through June 30, 2017, and after that date is ineffective.

**SECTION 7. EMERGENCY.** This Act is declared to be an emergency measure.

Approved April 28, 2015  
Filed April 28, 2015

## CHAPTER 156

### SENATE BILL NO. 2151

(Senators Flakoll, Heckaman, Poolman)  
(Representatives Dosch, Nathe, Vigesaa)

AN ACT to create and enact four new sections to chapter 15.1-37 of the North Dakota Century Code, relating to early childhood education provider grants; to amend and reenact section 15.1-37-01 of the North Dakota Century Code, relating to early childhood education program approval; to provide for a superintendent of public instruction study and report to the legislative management; to provide an appropriation; and to provide an effective date.

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

**SECTION 1. AMENDMENT.** Section 15.1-37-01 of the North Dakota Century Code is amended and reenacted as follows:

##### **15.1-37-01. Early childhood education program - Approval.**

1. Any person or school district operating an early childhood education program may request approval of the program from the superintendent of public instruction. The superintendent shall approve an early childhood education program if the program:
  - a. Is taught by individuals who are licensed to teach in early childhood education by the education standards and practices board or approved to teach in early childhood education by the education standards and practices board;
  - b. Follows ~~a developmentally appropriate curriculum~~ educational standards approved by the superintendent of public instruction;
  - c. Is in compliance with all municipal and state health, fire, and safety requirements; and
  - d. Limits its enrollment to children who have reached the age of four before August first in the year of enrollment.
2. In determining the state aid payments to which a school district is entitled, the superintendent of public instruction may not count any student enrolled in a regular early childhood education program.

**SECTION 2.** A new section to chapter 15.1-37 of the North Dakota Century Code is created and enacted as follows:

##### **Early childhood education providers - Coalition - Eligibility.**

1. The superintendent of a school district shall invite all public and private providers of early childhood education services within the district to meet, in order to:

- a. Initiate the identification of all available options for cost-effectively maximizing the provision of early childhood education services within the district;
  - b. Address the coordinated utilization of facilities, personnel, and transportation, for the provision of early childhood education services within the district; and
  - c. (1) Form a coalition of early childhood education service providers; and  
(2) Provide for the selection of a coalition governing board.
2. The board of the school district in which the coalition of service providers is located shall provide advice and guidance to the coalition in all matters pertaining to this Act.
  3. Any early childhood service provider who agrees to participate in the coalition or on its governing board may submit an application to the department of commerce for a grant under this section, provided the governing board certifies to the department that the provider:
    - a. Is a participating member in the coalition or on the governing board.
    - b. Operates an early childhood education program that:
      - (1) Is approved in accordance with section 15.1-37-01; and
      - (2) Incorporates within its curriculum at least ten hours of research-based parental involvement.
    - c. Has documented the provider's willingness to admit children of all learning abilities into the early childhood education program.

**SECTION 3.** A new section to chapter 15.1-37 of the North Dakota Century Code is created and enacted as follows:

**Receipt and distribution of grants - Notification.**

1. The department of commerce shall receive applications for and distribute grants under this section to eligible members, including governing board members, of a consortium formed in accordance with section 2 of this Act, in the amount of two thousand dollars for each child enrolled in a program of early childhood education, if the child is eligible for free lunches under the Richard B. Russell National School Lunch Act [42 U.S.C. 1751, et seq.] and one thousand dollars for each child enrolled in a program of early childhood education, if the child is eligible for reduced lunches under the Richard B. Russell National School Lunch Act [42 U.S.C. 1751, et seq.], provided:
  - a. The child is a resident of this state; and
  - b. The program has a duration of at least four hundred hours over a period of thirty-two consecutive weeks.
2. a. Once each calendar quarter, at the time and in the manner required by the department of commerce, any provider receiving a grant under this section shall forward to the parent of each child receiving services a notice

indicating the total amount of the grant that was awarded to the provider for the quarter, the pro rata amount attributable to the parent's child, and the source of the grant. The department of commerce shall standardize the notification required by this subdivision.

- b. If a provider fails to meet the notification requirements of this subsection, the department of commerce shall reduce the amount of the provider's next grant payment by fifty percent. If a provider fails to meet the notification requirements of this section a second time, the department of commerce shall determine that the provider is ineligible to participate in the grant program for a period of one year.

**SECTION 4.** A new section to chapter 15.1-37 of the North Dakota Century Code is created and enacted as follows:

**Acceptance of children into program - Requirements - Limitations.**

1. If a provider is unable to accommodate all children seeking placement in the provider's program, the provider shall accept children in accordance with a chronologically-based application process or a lottery-based application process, under which children of all learning abilities are equally eligible.
2. The number of children accepted into a program may be limited by considerations regarding space, safety, and availability of personnel.

**SECTION 5.** A new section to chapter 15.1-37 of the North Dakota Century Code is created and enacted as follows:

**Data collection - Requirements.**

The superintendent of public instruction, with the advice and consent of the department of commerce, shall implement a uniform system for the accounting, budgeting, and reporting of data by any early childhood education provider to whom or to which grants are distributed in accordance with section 3 of this Act. Grants may be withheld or forfeited, in whole or in part, if information required in accordance with this section is not submitted at the time or in the manner requested by the superintendent.

**SECTION 6. SUPERINTENDENT OF PUBLIC INSTRUCTION STUDY - REPORT TO THE LEGISLATIVE MANAGEMENT.** During the 2015-16 interim, the superintendent of public instruction shall study the implementation of a uniform system for the accounting, budgeting, and reporting of data by an early childhood education provider who has received a grant distributed in accordance with section 3 of this Act. The superintendent of public instruction shall report its findings to the legislative management by August 1, 2016.

**SECTION 7. APPROPRIATION.**

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$3,000,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of providing early childhood education grants, for the biennium beginning July 1, 2015, and ending June 30, 2017.
2. If the amount appropriated in this section is insufficient to provide grants to all eligible providers, the department of commerce shall award the grants on a

chronological basis in accordance with the date on which a completed application is received.

**SECTION 8. EFFECTIVE DATE.** Sections 3 through 5 of this Act become effective on July 1, 2016.

Approved April 17, 2015

Filed April 17, 2015