

SCHOOL DISTRICT GENERAL FUND LEVIES AND LIMITATIONS

School districts may levy property taxes for special or general fund purposes. Special fund levies may be unlimited or subject to a limit of a specific number of mills. Attached as Appendix A are the pages from the *Schedule of Levy Limitations* prepared July 2005 by the Tax Commissioner's office which show a brief summary for each property tax levy limitation that applies to school district property tax levies.

School district general fund levies may be subject to a limitation expressed in mills applied to taxable valuation of property in the school district, a limitation based on the number of dollars levied in property taxes by the school district in its base year, or expanded or unlimited mill levy authority approved by the voters.

GENERAL FUND LEVY LIMITATION BASED ON MILLS AND VOTER APPROVAL OF INCREASES

Under North Dakota Century Code (NDCC) Section 57-15-14, a school district may impose a general fund levy of up to 185 mills against the taxable valuation of the school district. A school district may increase its property tax levy in dollars from the previous school year by up to 18 percent until the 185-mill limit is reached. This section also gives school districts authority for increased or unlimited mill levies upon approval by qualified electors of the school district. If assessed valuation of property in the school district increases 20 percent or more over the prior year, resulting in decreased state aid payments because of the mill deduct factor, the school district may increase its levy by up to the amount of lost state aid payments but not exceeding the 185-mill cap.

GENERAL FUND LEVY LIMITATION BASED ON DOLLARS LEVIED

Under NDCC Section 57-15-01.1, a school district may levy up to the highest amount levied in dollars in the three preceding taxable years, subject to adjustment. The dollar amount levy limitation must be reduced or increased to reflect changes in exempt status of property exempt by local discretion or charitable status, reduced to reflect expired temporary mill levy increases, or increased to reflect new or

increased levy authority authorized by the Legislative Assembly or the voters of the school district.

This provision originated in 1981 legislation that restructured the property tax assessment system of the state. After assessment restructuring, several school districts were above the general fund mill levy limitation cap and this section also allowed percentage increases in dollars levied for several years. As a result of these factors, this section allows many school districts to maintain a general fund levy in excess of 185 mills.

CURRENT GENERAL FUND LEVY DATA

Attached as Appendix B is a copy of a report prepared by the Department of Public Instruction ranking school districts by the number of mills levied in 2005. The reporting method used by the Department of Public Instruction in this report combines school district levies for the general fund, high school tuition, and high school transportation in a category called "Total GF 3." Based on this report, 2005 combined school district general fund and high school tuition and transportation levies ranged from 0 to 307.97 mills. The average general fund mill rate in this report is 199.24 mills, but only 20 of the 204 school districts levied more than that average. Approximately 83 percent of school districts levied within the range from 130 to 200 mills. Based on the attached report, the following table shows the number of school districts levying within designated ranges of school district levies:

Over 240 mills	10
220-240	4
200-220	6
185-200	59
165-185	51
150-165	36
130-150	23
100-130	4
50-100	5
20-50	2
0	4
Total	204

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