

Sixty-eighth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2066

Introduced by

Senators Schaible, Rust, Weber

Representatives Nathe, Porter, D. Ruby

1 A BILL for an Act to amend and reenact subsection 3 of section 15.1-27-02, sections
2 15.1-27-04.1, 15.1-27-04.2, 57-15-01, and 57-15-01.1, subsection 1 of section 57-15-14,
3 section 57-15-14.2, and subdivision c of subsection 1 of section 57-20-07.1, ~~and section~~
4 ~~57-20-07.3~~ of the North Dakota Century Code, relating to the determination of state aid
5 payments, information displayed on property tax statements, school district levy authority, and a
6 credit against payments in lieu of taxes paid by centrally assessed companies; to repeal
7 sections 15.1-27-04.3, 15.1-27-15.1, and 15.1-27-20.2, relating to adjustments to state aid
8 payments; and to provide an effective date.

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

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

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

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

20 **15.1-27-04.1. Baseline funding - Establishment - Determination of state aid. (Effective**
21 **through June 30, 2025)**

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

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- 1 a. All state aid received by the district in accordance with chapter 15.1-27 during the
2 2018-19 school year;
- 3 b. An amount equal to the property tax deducted by the superintendent of public
4 instruction to determine the 2018-19 state aid payment;
- 5 e. An amount equal to seventy-five percent of the revenue received by the school
6 district during the 2017-18 school year for the following revenue types:
- 7 (1) Revenue reported under code 2000 of the North Dakota school district
8 financial accounting and reporting manual, as developed by the
9 superintendent of public instruction in accordance with section 15.1-02-08;
- 10 (2) Mineral revenue received by the school district through direct allocation from
11 the state treasurer and not reported under code 2000 of the North Dakota
12 school district financial accounting and reporting manual, as developed by
13 the superintendent of public instruction in accordance with section
14 15.1-02-08;
- 15 (3) Tuition reported under code 1300 of the North Dakota school district
16 financial accounting and reporting manual, as developed by the
17 superintendent of public instruction in accordance with section 15.1-02-08,
18 with the exception of revenue received specifically for the operation of an
19 educational program provided at a residential treatment facility, tuition
20 received for the provision of an adult farm management program, and
21 beginning in the 2021-22 school year, seventeen percent of tuition received
22 under an agreement to educate students from a school district on an
23 air force base with funding received through federal impact aid, and an
24 additional seventeen percent of tuition received under an agreement to
25 educate students from a school district on an air force base with funding
26 received through federal impact aid each school year thereafter, until the
27 2024-25 school year when sixty-eight percent of tuition received under an
28 agreement to educate students from a school district on an air force base
29 with funding received through federal impact aid must be excluded from the
30 tuition calculation under this paragraph;

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- 1 (4) Revenue from payments in lieu of taxes on the distribution and transmission-
2 of electric power;
- 3 (5) Revenue from payments in lieu of taxes on electricity generated from-
4 sources other than coal; and
- 5 (6) Revenue from the leasing of land acquired by the United States for which-
6 compensation is allocated to the state under 33 U.S.C. 701(c)(3);
- 7 d. An amount equal to the total revenue received by the school district during the-
8 2017-18 school year for the following revenue types:
- 9 (1) Mobile home tax revenue;
- 10 (2) Telecommunications tax revenue; and
- 11 (3) Revenue from payments in lieu of taxes and state reimbursement of the-
12 homestead credit and disabled veterans credit; and
- 13 e. Beginning with the 2020-21 school year, the superintendent shall reduce the-
14 baseline funding for any school district that becomes an elementary district
15 pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must
16 be proportional to the number of weighted student units in the grades that are
17 offered through another school district relative to the total number of weighted
18 student units the school district offered in the year before the school district
19 became an elementary district. The reduced baseline funding applies to the
20 calculation of state aid for the first school year in which the school district
21 becomes an elementary district and for each year thereafter. For districts that
22 become an elementary district prior to the 2020-21 school year, the
23 superintendent shall use the reduced baseline funding to calculate state aid for
24 the 2020-21 school year and for each year thereafter.
- 25 2. a. The superintendent shall divide the district's baseline funding determined in-
26 subsection 1 by the district's 2017-18 weighted student units to determine the
27 district's baseline funding per weighted student unit.
- 28 b. For any school district that becomes an elementary district pursuant to section
29 15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the
30 district's baseline funding per weighted student unit used to calculate state aid.-
31 The superintendent shall divide the district's baseline funding determined in-

1 subsection 1 by the district's weighted student units after the school district
2 becomes an elementary district to determine the district's adjusted baseline
3 funding per weighted student unit. The superintendent shall use the district's
4 adjusted baseline funding per weighted student unit in the calculation of state aid
5 for the first school year in which the school district becomes an elementary
6 district and for each year thereafter.

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

19 3. a. For the 2021-22 school year, the superintendent shall calculate state aid as the
20 greater of:

21 (1) The district's weighted student units multiplied by ten thousand one hundred
22 thirty-six dollars;

23 (2) One hundred two percent of the district's baseline funding per weighted
24 student unit, as established in subsection 2, multiplied by the district's
25 weighted student units, not to exceed the district's 2017-18 baseline
26 weighted student units, plus any weighted student units in excess of the
27 2017-18 baseline weighted student units multiplied by ten thousand
28 one hundred thirty-six dollars; or

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

- 1 b. For the 2022-23 school year and each school year thereafter, the superintendent
2 shall calculate state aid as the greater of:
- 3 (1) ~~The district's weighted student units multiplied by ten thousand two hundred~~
4 ~~thirty-seven dollars;~~
- 5 (2) ~~One hundred two percent of the district's baseline funding per weighted~~
6 ~~student unit, as established in subsection 2, multiplied by the district's~~
7 ~~weighted student units, not to exceed the district's 2017-18 baseline~~
8 ~~weighted student units, plus any weighted student units in excess of the~~
9 ~~2017-18 baseline weighted student units multiplied by ten thousand~~
10 ~~two hundred thirty-seven dollars; or~~
- 11 (3) ~~The district's baseline funding as established in subsection 1 less the~~
12 ~~amount in paragraph 1, with the difference reduced by thirty percent for the~~
13 ~~2022-23 school year and the reduction percentage increasing by fifteen~~
14 ~~percent each school year thereafter until the difference is reduced to zero,~~
15 ~~and then the difference added to the amount determined in paragraph 1.~~
- 16 e. The superintendent also shall adjust state aid determined in this subsection to
17 ensure the amount does not exceed the transition maximum as follows:
- 18 (1) ~~For the 2021-22 school year, the transition maximum rate is one hundred~~
19 ~~ten percent of the district's baseline funding per weighted student unit, as~~
20 ~~established in subsection 2, multiplied by the district's weighted student~~
21 ~~units from the previous school year.~~
- 22 (2) ~~For the 2022-23 school year, the transition maximum rate is one hundred~~
23 ~~ten percent of the district's baseline funding per weighted student unit, as~~
24 ~~established in subsection 2, multiplied by the district's weighted student~~
25 ~~units from the previous school year.~~
- 26 (3) ~~For the 2023-24 school year, the transition maximum rate is one hundred~~
27 ~~ten percent of the district's baseline funding per weighted student unit, as~~
28 ~~established in subsection 2, plus twenty percent of the difference between~~
29 ~~the rate under paragraph 1 of subdivision b of this subsection and~~
30 ~~one hundred ten percent of the district's baseline funding per weighted~~
31 ~~student unit. The transition maximum is determined by multiplying the~~

1 transition maximum rate, which may not exceed the rate under paragraph 1-
2 of subdivision b of this subsection, by the district's weighted student units
3 from the previous school year.

4 (4) For the 2024-25 school year, the transition maximum rate is one hundred
5 ten percent of the district's baseline funding per weighted student unit, as
6 established in subsection 2, plus forty percent of the difference between the
7 rate under paragraph 1 of subdivision b of this subsection and one hundred
8 ten percent of the district's baseline funding per weighted student unit. The
9 transition maximum is determined by multiplying the transition maximum
10 rate, which may not exceed the rate under paragraph 1 of subdivision b of
11 this subsection, by the district's weighted student units from the previous
12 school year.

13 (5) For the 2025-26 school year, the transition maximum rate is one hundred
14 ten percent of the district's baseline funding per weighted student unit, as
15 established in subsection 2, plus sixty percent of the difference between the
16 rate under paragraph 1 of subdivision b of this subsection and one hundred
17 ten percent of the district's baseline funding per weighted student unit. The
18 transition maximum is determined by multiplying the transition maximum
19 rate, which may not exceed the rate under paragraph 1 of subdivision b of
20 this subsection, by the district's weighted student units from the previous
21 school year.

22 (6) For the 2026-27 school year, the transition maximum rate is one hundred
23 ten percent of the district's baseline funding per weighted student unit, as
24 established in subsection 2, plus eighty percent of the difference between
25 the rate under paragraph 1 of subdivision b of this subsection and
26 one hundred ten percent of the district's baseline funding per weighted
27 student unit. The transition maximum is determined by multiplying the
28 transition maximum rate, which may not exceed the rate under paragraph 1-
29 of subdivision b of this subsection, by the district's weighted student units
30 from the previous school year.

- 1 4. After determining the product in accordance with subsection 3, the superintendent of
2 public instruction shall:
- 3 a. ~~Subtract an amount equal to sixty mills multiplied by the taxable valuation of the~~
4 ~~school district, except the amount in dollars subtracted for purposes of this~~
5 ~~subdivision may not exceed the previous year's amount in dollars subtracted for~~
6 ~~purposes of this subdivision by more than twelve percent, adjusted pursuant to~~
7 ~~section 15.1-27-04.3; and~~
- 8 b. ~~Subtract an amount equal to seventy-five percent of all revenue types listed in~~
9 ~~subdivisions c and d of subsection 1. Before determining the deduction for~~
10 ~~seventy-five percent of all revenue types, the superintendent of public instruction~~
11 ~~shall adjust revenues as follows:~~
- 12 (1) ~~Tuition revenue shall be adjusted as follows:~~
- 13 (a) ~~In addition to deducting tuition revenue received specifically for the~~
14 ~~operation of an educational program provided at a residential~~
15 ~~treatment facility, tuition revenue received for the provision of an adult~~
16 ~~farm management program, and tuition received under an agreement~~
17 ~~to educate students from a school district on an air force base with~~
18 ~~funding received through federal impact aid as directed each school~~
19 ~~year in paragraph 3 of subdivision c of subsection 1, the~~
20 ~~superintendent of public instruction also shall reduce the total tuition~~
21 ~~reported by the school district by the amount of tuition revenue~~
22 ~~received for the education of students not residing in the state and for~~
23 ~~which the state has not entered a cross-border education contract;~~
24 ~~and~~
- 25 (b) ~~The superintendent of public instruction also shall reduce the total~~
26 ~~tuition reported by admitting school districts meeting the requirements~~
27 ~~of subdivision e of subsection 2 of section 15.1-29-12 by the amount~~
28 ~~of tuition revenue received for the education of students residing in an~~
29 ~~adjacent school district.~~
- 30 (2) ~~After adjusting tuition revenue as provided in paragraph 1, the~~
31 ~~superintendent shall reduce all remaining revenues from all revenue types~~

1 by the percentage of mills levied in 2020 by the school district for sinking-
2 and interest relative to the total mills levied in 2020 by the school district for
3 all purposes.

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

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

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

13 a. The amount of revenue received by each school district in the county during the
14 previous school year for each type of revenue identified in subdivisions c and d of
15 subsection 4;

16 b. The total number of mills levied in the previous calendar year by each school
17 district for all purposes; and

18 c. The number of mills levied in the previous calendar year by each school district
19 for sinking and interest fund purposes.

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

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

25 a. All state aid received by the district in accordance with chapter 15.1-27 during the
26 2018-19 school year;

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

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

- 1 (1) Revenue reported under code 2000 of the North Dakota school district
2 financial accounting and reporting manual, as developed by the
3 superintendent of public instruction in accordance with section 15.1-02-08;
- 4 (2) Mineral revenue received by the school district through direct allocation from
5 the state treasurer and not reported under code 2000 of the North Dakota
6 school district financial accounting and reporting manual, as developed by
7 the superintendent of public instruction in accordance with section
8 15.1-02-08;
- 9 (3) Tuition reported under code 1300 of the North Dakota school district
10 financial accounting and reporting manual, as developed by the
11 superintendent of public instruction in accordance with section 15.1-02-08,
12 with the exception of revenue:
- 13 (a) Revenue received specifically for the operation of an educational
14 program provided at a residential treatment facility, ~~tuition~~;
- 15 (b) Tuition received for the provision of an adult farm management
16 program; ~~and beginning~~
- 17 (c) Beginning in the:
- 18 [1] 2023-24 school year, fifty-one percent of tuition received under
19 an agreement to educate students from a school district on an air
20 force base with funding received through federal impact aid;
- 21 [2] 2024-25 school year, sixty-eight percent of tuition received under
22 an agreement to educate students from a school district on an air
23 force base with funding received through federal impact aid;
- 24 [3] 2025-26 school year, eighty-five percent of tuition received under
25 an agreement to educate students from a school district on an
26 air force base with funding received through federal impact aid,
27 ~~until the;~~ and
- 28 [4] 2026-27 school year, and each school year thereafter, ~~when all~~
29 tuition received under an agreement to educate students from a
30 school district on an air force base with funding received through

1 federal impact aid ~~must be excluded from the tuition calculation~~
2 ~~under this paragraph;~~

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

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

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

9 d. An amount equal to the total revenue received by the school district during the
10 2017-18 school year for the following revenue types:

11 (1) Mobile home tax revenue;

12 (2) Telecommunications tax revenue; and

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

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

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

30 b. For any school district that becomes an elementary district pursuant to section
31 15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the

1 district's baseline funding per weighted student unit used to calculate state aid.

2 The superintendent shall divide the district's baseline funding determined in
3 subsection 1 by the district's weighted student units after the school district
4 becomes an elementary district to determine the district's adjusted baseline
5 funding per weighted student unit. The superintendent shall use the district's
6 adjusted baseline funding per weighted student unit in the calculation of state aid
7 for the first school year in which the school district becomes an elementary
8 district and for each year thereafter.

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

21 3. a. For the 2021-22 school year, the superintendent shall calculate state aid as the
22 greater of:

23 (1) The district's weighted student units multiplied by ten thousand one hundred
24 thirty-six dollars;

25 (2) One hundred two percent of the district's baseline funding per weighted
26 student unit, as established in subsection 2, multiplied by the district's
27 weighted student units, not to exceed the district's 2017-18 baseline
28 weighted student units, plus any weighted student units in excess of the
29 2017-18 baseline weighted student units multiplied by ten thousand
30 one hundred thirty-six dollars; or

- 1 (3) The district's baseline funding as established in subsection 1 less the
2 amount in paragraph 1, with the difference reduced by fifteen percent and
3 then the difference added to the amount determined in paragraph 1.
- 4 b. For the 2022-23 school year and each school year thereafter, the superintendent
5 shall calculate state aid as the greater of:
- 6 (1) The district's weighted student units multiplied by ten thousand two hundred
7 thirty-seven dollars;
- 8 (2) One hundred two percent of the district's baseline funding per weighted
9 student unit, as established in subsection 2, multiplied by the district's
10 weighted student units, not to exceed the district's 2017-18 baseline
11 weighted student units, plus any weighted student units in excess of the
12 2017-18 baseline weighted student units multiplied by ten thousand
13 two hundred thirty-seven dollars; or
- 14 (3) The district's baseline funding as established in subsection 1 less the
15 amount in paragraph 1, with the difference reduced by thirty percent for the
16 2022-23 school year and the reduction percentage increasing by fifteen
17 percent each school year thereafter until the difference is reduced to zero,
18 and then the difference added to the amount determined in paragraph 1.
- 19 c. The superintendent also shall adjust state aid determined in this subsection to
20 ensure the amount does not exceed the transition maximum as follows:
- 21 (1) ~~For the 2021-22 school year, the transition maximum rate is one hundred-~~
22 ~~ten percent of the district's baseline funding per weighted student unit, as~~
23 ~~established in subsection 2, multiplied by the district's weighted student~~
24 ~~units from the previous school year.~~
- 25 (2) ~~For the 2022-23 school year, the transition maximum rate is one hundred-~~
26 ~~ten percent of the district's baseline funding per weighted student unit, as~~
27 ~~established in subsection 2, multiplied by the district's weighted student~~
28 ~~units from the previous school year.~~
- 29 (3) For the 2023-24 school year, the transition maximum rate is one hundred
30 ten percent of the district's baseline funding per weighted student unit, as
31 established in subsection 2, plus twenty percent of the difference between

1 the rate under paragraph 1 of subdivision b of this subsection and
2 one hundred ten percent of the district's baseline funding per weighted
3 student unit. The transition maximum is determined by multiplying the
4 transition maximum rate, which may not exceed the rate under paragraph 1
5 of subdivision b of this subsection, by the district's weighted student units
6 from the previous school year.

7 ~~(4)~~(2) For the 2024-25 school year, the transition maximum rate is one hundred
8 ten percent of the district's baseline funding per weighted student unit, as
9 established in subsection 2, plus forty percent of the difference between the
10 rate under paragraph 1 of subdivision b of this subsection and one hundred
11 ten percent of the district's baseline funding per weighted student unit. The
12 transition maximum is determined by multiplying the transition maximum
13 rate, which may not exceed the rate under paragraph 1 of subdivision b of
14 this subsection, by the district's weighted student units from the previous
15 school year.

16 ~~(5)~~(3) For the 2025-26 school year, the transition maximum rate is one hundred
17 ten percent of the district's baseline funding per weighted student unit, as
18 established in subsection 2, plus sixty percent of the difference between the
19 rate under paragraph 1 of subdivision b of this subsection and one hundred
20 ten percent of the district's baseline funding per weighted student unit. The
21 transition maximum is determined by multiplying the transition maximum
22 rate, which may not exceed the rate under paragraph 1 of subdivision b of
23 this subsection, by the district's weighted student units from the previous
24 school year.

25 ~~(6)~~(4) For the 2026-27 school year, the transition maximum rate is one hundred
26 ten percent of the district's baseline funding per weighted student unit, as
27 established in subsection 2, plus eighty percent of the difference between
28 the rate under paragraph 1 of subdivision b of this subsection and
29 one hundred ten percent of the district's baseline funding per weighted
30 student unit. The transition maximum is determined by multiplying the
31 transition maximum rate, which may not exceed the rate under paragraph 1

1 of subdivision b of this subsection, by the district's weighted student units
2 from the previous school year.

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

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

6 (1) Forty mills multiplied by the taxable valuation of residential, agricultural, and
7 commercial property in the school district. For purposes of this
8 subdivision paragraph, "taxable valuation" means, for taxable year 2023, the
9 2022 taxable valuation of the school district, and for taxable year 2024 and
10 each year thereafter, the 2022 taxable valuation increased by five percent
11 per year, or the actual increase in taxable valuation, as compared to the
12 previous year's taxable valuation calculation, whichever is less, beginning
13 with taxable year 2024 and each year thereafter; and

14 (2) Sixty mills multiplied by the taxable valuation of centrally assessed property
15 in the school district; and

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

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

21 (a) In addition to deducting tuition revenue received specifically for the
22 operation of an educational program provided at a residential
23 treatment facility, tuition revenue received for the provision of an adult
24 farm management program, and tuition received under an agreement
25 to educate students from a school district on an air force base with
26 funding received through federal impact aid as directed each school
27 year in paragraph 3 of subdivision c of subsection 1, the
28 superintendent of public instruction also shall reduce the total tuition
29 reported by the school district by the amount of tuition revenue
30 received for the education of students not residing in the state and for

1 which the state has not entered a cross-border education contract;
2 and

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

8 (2) After adjusting tuition revenue as provided in paragraph 1, the
9 superintendent shall reduce all remaining revenues from all revenue types
10 by the percentage of mills levied in ~~2020~~2022 by the school district for
11 sinking and interest relative to the total mills levied in ~~2020~~2022 by the
12 school district for all purposes.

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

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

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

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

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

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

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

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

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

6 1. Forty mills times twenty percent of the state average valuation of residential,
7 agricultural, and commercial property per student multiplied by the number of weighted
8 student units in the district; and

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

11 **SECTION 4. AMENDMENT.** Section 57-15-01 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **57-15-01. Levy in specific amounts - Exceptions.**

14 With the exception of special assessment taxes and such general taxes as may be
15 definitely fixed by law, all state, county, city, township, school district, and park district taxes
16 must be levied or voted in specific amounts of money. For purposes of communicating with the
17 public and comparing the amount levied in the current taxable year to the amount levied in the
18 preceding taxable year, taxing districts shall express levies in terms of dollars rather than mills.

19 **SECTION 5. AMENDMENT.** Section 57-15-01.1 of the North Dakota Century Code is
20 amended and reenacted as follows:

21 **57-15-01.1. Protection of taxpayers and taxing districts.**

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

24 1. No taxing district may levy more taxes expressed in dollars than the amounts allowed
25 by this section.

26 2. For purposes of this section:

27 a. "Base year" means the taxing district's taxable year with the highest amount
28 levied in dollars in property taxes of the three taxable years immediately
29 preceding the budget year;

30 b. "Budget year" means the taxing district's year for which the levy is being
31 determined under this section;

- 1 c. "Calculated mill rate" means the mill rate that results from dividing the base year
2 taxes levied by the sum of the taxable value of the taxable property in the base
3 year plus the taxable value of the property exempt by local discretion or
4 charitable status, calculated in the same manner as the taxable property; ~~and~~
- 5 d. "Property exempt by local discretion or charitable status" means property
6 exempted from taxation as new or expanding businesses under chapter 40-57.1;
7 improvements to property under chapter 57-02.2; or buildings belonging to
8 institutions of public charity, new single-family residential or townhouse or
9 condominium property, property used for early childhood services, or pollution
10 abatement improvements under section 57-02-08; and
- 11 e. "Taxing district" means any political subdivision, other than a school district,
12 empowered by law to levy taxes.
- 13 3. A taxing district may elect to levy the amount levied in dollars in the base year. Any
14 levy under this section must be specifically approved by a resolution approved by the
15 governing body of the taxing district. Before determining the levy limitation under this
16 section, the dollar amount levied in the base year must be:
- 17 a. Reduced by an amount equal to the sum determined by application of the base
18 year's calculated mill rate for that taxing district to the final base year taxable
19 valuation of any taxable property and property exempt by local discretion or
20 charitable status which is not included in the taxing district for the budget year but
21 was included in the taxing district for the base year.
- 22 b. Increased by an amount equal to the sum determined by the application of the
23 base year's calculated mill rate for that taxing district to the final budget year
24 taxable valuation of any taxable property or property exempt by local discretion or
25 charitable status which was not included in the taxing district for the base year
26 but which is included in the taxing district for the budget year.
- 27 c. Reduced to reflect expired temporary mill levy increases authorized by the
28 electors of the taxing district. ~~For purposes of this subdivision, an expired~~
29 ~~temporary mill levy increase does not include a school district general fund mill~~
30 ~~rate exceeding one hundred ten mills which has expired or has not received~~
31 ~~approval of electors for an extension under subsection 2 of section 57-64-03.~~

- 1 d. ~~Reduced by the amount of state aid under chapter 15.1-27, which is determined~~
2 ~~by multiplying the budget year taxable valuation of the school district by the~~
3 ~~lesser of the base year mill rate of the school district minus sixty mills or fifty~~
4 ~~mills, if the base year is a taxable year before 2013.~~
- 5 4. In addition to any other levy limitation factor under this section, a taxing district may
6 increase its levy in dollars to reflect new or increased mill levies authorized by the
7 legislative assembly or authorized by the electors of the taxing district.
- 8 5. Under this section a taxing district may supersede any applicable mill levy limitations
9 otherwise provided by law, or a taxing district may levy up to the mill levy limitations
10 otherwise provided by law without reference to this section, but the provisions of this
11 section do not apply to the following:
- 12 a. Any irrevocable tax to pay bonded indebtedness levied pursuant to section 16 of
13 article X of the Constitution of North Dakota.
- 14 b. The one-mill levy for the state medical center authorized by section 10 of article X
15 of the Constitution of North Dakota.
- 16 6. ~~A school district choosing to determine its levy authority under this section may apply~~
17 ~~subsection 3 only to the amount in dollars levied for general fund purposes under~~
18 ~~section 57-15-14 or, if the levy in the base year included separate general fund and~~
19 ~~special fund levies under sections 57-15-14 and 57-15-14.2, the school district may~~
20 ~~apply subsection 3 to the total amount levied in dollars in the base year for both the~~
21 ~~general fund and special fund accounts. School district levies under any section other~~
22 ~~than section 57-15-14 may be made within applicable limitations but those levies are~~
23 ~~not subject to subsection 3.~~
- 24 7. Optional levies under this section may be used by any city or county that has adopted
25 a home rule charter unless the provisions of the charter supersede state laws related
26 to property tax levy limitations.

27 **SECTION 6. AMENDMENT.** Subsection 1 of section 57-15-14 of the North Dakota Century
28 Code is amended and reenacted as follows:

- 29 1. Unless authorized by the electors of the school district in accordance with this section,
30 a school district may not impose greater levies than those permitted under section
31 57-15-14.2.

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

1 (3) The authority for a levy of up to a specific number of mills, placed on the
2 ballot in a school district election for electoral approval of increased levy
3 authority under subdivision a or b, after June 30, 2013~~2022~~, must be stated
4 as a specific number of mills of general fund levy authority and must include
5 a statement that the statutory school district general fund levy limitation is
6 ~~seventy~~forty~~fifty~~ mills on the dollar of the taxable valuation of residential,
7 agricultural, and commercial property in the school district and seventy mills
8 on the dollar of taxable valuation of centrally assessed property in the
9 school district.

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

16 **SECTION 7. AMENDMENT.** Section 57-15-14.2 of the North Dakota Century Code is
17 amended and reenacted as follows:

18 **57-15-14.2. School district levies. (~~Effective for taxable years through December 31,~~**
19 **2024)**

- 20 1. ~~The board of a school district may levy a tax not exceeding the amount in dollars that~~
21 ~~the school district levied for the prior year, plus twelve percent and the dollar amount~~
22 ~~of the adjustment required in section 15.1-27-04.3, up to a levy of seventy mills on the~~
23 ~~taxable valuation of the district, for any purpose related to the provision of educational~~
24 ~~services. The proceeds of this levy must be deposited into the school district's general~~
25 ~~fund and used in accordance with this subsection. The proceeds may not be~~
26 ~~transferred into any other fund.~~
- 27 2. ~~The board of a school district may levy no more than twelve mills on the taxable~~
28 ~~valuation of the district, for miscellaneous purposes and expenses. The proceeds of~~
29 ~~this levy must be deposited into a special fund known as the miscellaneous fund and~~
30 ~~used in accordance with this subsection. The proceeds may not be transferred into~~
31 ~~any other fund.~~

- 1 3. The board of a school district may levy no more than three mills on the taxable
2 valuation of the district for deposit into a special reserve fund, in accordance with
3 chapter 57-19.
- 4 4. The board of a school district may levy no more than the number of mills necessary,
5 on the taxable valuation of the district, for the payment of tuition, in accordance with
6 section 15.1-29-15. The proceeds of this levy must be deposited into a special fund
7 known as the tuition fund and used in accordance with this subsection. The proceeds
8 may not be transferred into any other fund.
- 9 5. The board of a school district may levy no more than five mills on the taxable valuation
10 of the district, pursuant to section 57-15-15.1, for purposes of developing a school
11 safety plan in accordance with section 15.1-09-60. The proceeds of this levy must be
12 deposited into a special fund known as the school safety plan fund and used in
13 accordance with this subsection.
- 14 6. Nothing in this section limits the board of a school district from levying:
- 15 a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and
- 16 b. Mills necessary to pay principal and interest on the bonded debt of the district,
17 including the mills necessary to pay principal and interest on any bonded debt
18 incurred under section 57-15-17.1 before July 1, 2013.

19 **School district levies. (Effective for taxable years beginning after December 31, 2024)**

- 20 1. a. The board of a school district may levy a tax ~~not exceeding for the school district's~~
21 local contribution to the costs of education which may not exceed the amount in
22 dollars that the school district levied for the prior year, plus twelve percent, up
23 to ~~would be generated by a levy of seventy~~thirty:
- 24 (1) Forty mills on the taxable valuation of residential, agricultural, and
25 commercial property in the district, ~~for~~ any purpose related to the provision
26 of educational services ~~the school district's local contribution to the costs of~~
27 education. For purposes of this ~~subsection~~paragraph, "taxable valuation"
28 means, for taxable year 2023, the 2022 taxable valuation of the school
29 district, and for taxable year 2024 and each year thereafter, the 2022
30 taxable valuation increased by five percent per year, or the actual increase
31 in taxable valuation, as compared to the previous year's taxable valuation

1 calculation, whichever is less, beginning with taxable year 2024 and each
2 year thereafter.

3 (2) Sixty mills on the taxable valuation of centrally assessed property in the
4 district.

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

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

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

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

22 ~~4.5.~~ The board of a school district may levy no more than the number of mills necessary,
23 on the taxable valuation of the district, for the payment of tuition, in accordance with
24 section 15.1-29-15. The proceeds of this levy must be deposited into a special fund
25 known as the tuition fund and used in accordance with this subsection. The proceeds
26 may not be transferred into any other fund.

27 ~~5.6.~~ The board of a school district may levy no more than five mills on the taxable valuation
28 of the district, pursuant to section 57-15-15.1, for purposes of developing a school
29 safety plan in accordance with section 15.1-09-60. The proceeds of this levy must be
30 deposited into a special fund known as the school safety plan fund and used in
31 accordance with this subsection.

- 1 ~~6-7.~~ Nothing in this section limits the board of a school district from levying:
- 2 a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and
- 3 b. Mills necessary to pay principal and interest on the bonded debt of the district,
- 4 including the mills necessary to pay principal and interest on any bonded debt
- 5 incurred under section 57-15-17.1 before July 1, 2013.

6 **SECTION 8. AMENDMENT.** Subdivision c of subsection 1 of section 57-20-07.1 of the

7 North Dakota Century Code is amended and reenacted as follows:

- 8 c. ~~Provide~~ For tax statements to be mailed to an owner of a residential, agricultural,
- 9 or commercial parcel of land, provide information identifying the property tax
- 10 savings provided by the state of North Dakota. The tax statement must include a
- 11 line item that is entitled "legislative tax relief" and identifies the dollar amount of
- 12 property tax savings realized by the taxpayer under chapter 50-34 for taxable
- 13 years before 2019, chapter 50-35 for taxable years after 2018, and chapter
- 14 15.1-27.

- 15 (1) For purposes of this subdivision, legislative tax relief under chapter 15.1-27
- 16 is determined by multiplying the taxable value for the taxable year for each
- 17 parcel shown on the tax statement by the number of mills of mill levy
- 18 reduction grant under chapter 57-64 for the 2012 taxable year plus the
- 19 number of mills determined by subtracting from the 2012 taxable year mill-
- 20 rate of the school district in which the parcel is located the lesser of:

- 21 (a) ~~Fifty~~ EightySeventy mills; or
- 22 (b) The 2012 taxable year mill rate of the school district minus
- 23 ~~sixty~~ thirtyforty mills.

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

29 ~~—SECTION 8. AMENDMENT. Section 57-20-07.3 of the North Dakota Century Code is~~

30 ~~amended and reenacted as follows:~~

~~57-20-07.3. Centrally assessed company credit against payments in lieu of taxes.~~

~~1. The owner, operator, or lessee of transmission lines, for which payments in lieu of property taxes are assessed by the state board of equalization under section 57-06-17.3, is entitled to a credit against tax in the amount provided in subsection 3. The credit for each transmission company must be allocated to the counties in the same manner as the tax collected from that company is allocated.~~

~~2. The owner, operator, or lessee of electric transmission or distribution property, for which payments in lieu of property taxes are assessed by the state board of equalization under sections 57-33.2-02 or 57-33.2-03, is entitled to a credit against the transmission or distribution tax in the amount provided in subsection 3. The credit for each transmission or distribution company must be allocated and distributed to counties in the same manner as the tax collected from that company is allocated.~~

~~3. The amount of credit is determined by multiplying the sum of the following:~~

~~a. The company's assessed tax multiplied by a fraction, the numerator of which is the total of all formula payments calculated for the subsequent calendar year under section 50-35-03 and the denominator of which is the total statewide ad valorem property tax levied in the prior taxable year; and~~

~~b. The company's assessed tax multiplied by a fraction, the numerator of which is equal to thirty mills multiplied by the taxable valuation of property in all school districts and the denominator of which is the total statewide ad valorem property tax levied in the prior taxable year. For purposes of this subdivision, "taxable valuation" means, for taxable year 2023, the 2022 taxable valuation of the school district, and for taxable year 2024 and each year thereafter, the 2022 taxable valuation increased by five percent per year, or the actual increase in taxable valuation, as compared to the previous year's taxable valuation calculation, whichever is less, beginning with taxable year 2024 and each year thereafter.~~

~~4. The tax commissioner shall annually calculate the amount of credit to which a company is entitled under this section.~~

SECTION 9. REPEAL. Sections 15.1-27-04.3, 15.1-27-15.1, and 15.1-27-20.2 of the North Dakota Century Code are repealed.

1 | **SECTION 10. EFFECTIVE DATE.** Sections ~~4~~, 5, 6, and ~~8~~7 of this Act are effective for
2 | taxable years beginning after December 31, 2022.