

Introduced by

Senators Larsen, Vedaa

Representatives Fisher, Toman

1 A BILL for an Act to amend and reenact sections 15.1-27-02, 15.1-27-04.1, and 57-15-01.1,
2 subsection 1 of section 57-15-14, section 57-15-14.2, subdivision c of subsection 1 of section
3 57-20-07.1, subsection 1 of section 57-39.2-02.1, and subsection 1 of section 57-40.2-02.1 of
4 the North Dakota Century Code, relating to required reports, the determination of state aid
5 payments, school district levy authority, and an increase in the rate of state sales and use tax; to
6 repeal sections 15.1-27-04.2, 15.1-27-04.3, 15.1-27-15.1, and 15.1-27-20.2 of the North Dakota
7 Century Code, relating to adjustments to state aid payments; to provide an appropriation; and to
8 provide an effective date.

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

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

12 **15.1-27-02. Per student payments - Required reports.**

- 13 1. The superintendent of public instruction may not forward state aid payments to a
14 school district beyond the September payment unless the district has filed the
15 September tenth fall enrollment report with the superintendent.
- 16 2. The superintendent of public instruction may not forward state aid payments to a
17 school district beyond the October payment unless the district has filed the following
18 with the superintendent:
- 19 a. The June thirtieth student membership and attendance report;
 - 20 b. An annual school district financial report; and
 - 21 c. The personnel report forms for licensed and nonlicensed employees.
- 22 ~~3. On or before December fifteenth, each school district shall file with the superintendent~~
23 ~~of public instruction the taxable valuation and mill levy certifications. If a district fails to~~
24 ~~file the taxable valuation and mill levy certifications by the required date, the~~

1 superintendent of public instruction may not forward to the district any state aid
2 payments to which the district is entitled, until the taxable valuation and mill levy
3 certifications are filed.

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

6 **15.1-27-04.1. Baseline funding - Establishment - Determination of state aid. (Effective**
7 **through June 30, 2025)**

- 8 1. To determine the amount of state aid payable to each district, the superintendent of
9 public instruction shall establish each district's baseline funding. A district's baseline
10 funding consists of:
- 11 a. All state aid received by the district in accordance with chapter 15.1-27 during the
12 2018-19 school year;
 - 13 b. An amount equal to the property tax deducted by the superintendent of public
14 instruction to determine the 2018-19 state aid payment;
 - 15 c. An amount equal to seventy-five percent of the revenue received by the school
16 district during the 2017-18 school year for the following revenue types:
 - 17 (1) Revenue reported under code 2000 of the North Dakota school district
18 financial accounting and reporting manual, as developed by the
19 superintendent of public instruction in accordance with section 15.1-02-08;
 - 20 (2) Mineral revenue received by the school district through direct allocation from
21 the state treasurer and not reported under code 2000 of the North Dakota
22 school district financial accounting and reporting manual, as developed by
23 the superintendent of public instruction in accordance with section
24 15.1-02-08;
 - 25 (3) Tuition reported under code 1300 of the North Dakota school district
26 financial accounting and reporting manual, as developed by the
27 superintendent of public instruction in accordance with section 15.1-02-08,
28 with the exception of revenue received specifically for the operation of an
29 educational program provided at a residential treatment facility, tuition
30 received for the provision of an adult farm management program, and
31 beginning in the 2021-22 school year, seventeen percent of tuition received

- 1 under an agreement to educate students from a school district on an
2 air force base with funding received through federal impact aid, and an
3 additional seventeen percent of tuition received under an agreement to
4 educate students from a school district on an air force base with funding
5 received through federal impact aid each school year thereafter, until the
6 2024-25 school year when sixty-eight percent of tuition received under an
7 agreement to educate students from a school district on an air force base
8 with funding received through federal impact aid must be excluded from the
9 tuition calculation under this paragraph;
- 10 (4) Revenue from payments in lieu of taxes on the distribution and transmission
11 of electric power;
- 12 (5) Revenue from payments in lieu of taxes on electricity generated from
13 sources other than coal; and
- 14 (6) Revenue from the leasing of land acquired by the United States for which
15 compensation is allocated to the state under 33 U.S.C. 701(c)(3);
- 16 d. An amount equal to the total revenue received by the school district during the
17 2017-18 school year for the following revenue types:
- 18 (1) Mobile home tax revenue;
- 19 (2) Telecommunications tax revenue; and
- 20 (3) Revenue from payments in lieu of taxes and state reimbursement of the
21 homestead credit and disabled veterans credit; and
- 22 e. Beginning with the 2020-21 school year, the superintendent shall reduce the
23 baseline funding for any school district that becomes an elementary district
24 pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must
25 be proportional to the number of weighted student units in the grades that are
26 offered through another school district relative to the total number of weighted
27 student units the school district offered in the year before the school district
28 became an elementary district. The reduced baseline funding applies to the
29 calculation of state aid for the first school year in which the school district
30 becomes an elementary district and for each year thereafter. For districts that
31 become an elementary district prior to the 2020-21 school year, the

1 superintendent shall use the reduced baseline funding to calculate state aid for
2 the 2020-21 school year and for each year thereafter.

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

6 b. For any school district that becomes an elementary district pursuant to section
7 15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the
8 district's baseline funding per weighted student unit used to calculate state aid.
9 The superintendent shall divide the district's baseline funding determined in
10 subsection 1 by the district's weighted student units after the school district
11 becomes an elementary district to determine the district's adjusted baseline
12 funding per weighted student unit. The superintendent shall use the district's
13 adjusted baseline funding per weighted student unit in the calculation of state aid
14 for the first school year in which the school district becomes an elementary
15 district and for each year thereafter.

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

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

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

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

- 1 (2) For the 2022-23 school year, the transition maximum rate is one hundred
2 ten percent of the district's baseline funding per weighted student unit, as
3 established in subsection 2, multiplied by the district's weighted student
4 units from the previous school year.
- 5 (3) For the 2023-24 school year, the transition maximum rate is one hundred
6 ten percent of the district's baseline funding per weighted student unit, as
7 established in subsection 2, plus twenty percent of the difference between
8 the rate under paragraph 1 of subdivision b of this subsection and
9 one hundred ten percent of the district's baseline funding per weighted
10 student unit. The transition maximum is determined by multiplying the
11 transition maximum rate, which may not exceed the rate under paragraph 1
12 of subdivision b of this subsection, by the district's weighted student units
13 from the previous school year.
- 14 (4) For the 2024-25 school year, the transition maximum rate is one hundred
15 ten percent of the district's baseline funding per weighted student unit, as
16 established in subsection 2, plus forty percent of the difference between the
17 rate under paragraph 1 of subdivision b of this subsection and one hundred
18 ten percent of the district's baseline funding per weighted student unit. The
19 transition maximum is determined by multiplying the transition maximum
20 rate, which may not exceed the rate under paragraph 1 of subdivision b of
21 this subsection, by the district's weighted student units from the previous
22 school year.
- 23 (5) For the 2025-26 school year, the transition maximum rate is one hundred
24 ten percent of the district's baseline funding per weighted student unit, as
25 established in subsection 2, plus sixty percent of the difference between the
26 rate under paragraph 1 of subdivision b of this subsection and one hundred
27 ten percent of the district's baseline funding per weighted student unit. The
28 transition maximum is determined by multiplying the transition maximum
29 rate, which may not exceed the rate under paragraph 1 of subdivision b of
30 this subsection, by the district's weighted student units from the previous
31 school year.

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

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

12 a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the
13 school district, except the amount in dollars subtracted for purposes of this
14 subdivision may not exceed the previous year's amount in dollars subtracted for
15 purposes of this subdivision by more than twelve percent, adjusted pursuant to
16 section 15.1-27-04.3; and

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

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

22 (a) In addition to deducting tuition revenue received specifically for the
23 operation of an educational program provided at a residential
24 treatment facility, tuition revenue received for the provision of an adult
25 farm management program, and tuition received under an agreement
26 to educate students from a school district on an air force base with
27 funding received through federal impact aid as directed each school
28 year in paragraph 3 of subdivision c of subsection 1, the
29 superintendent of public instruction also shall reduce the total tuition
30 reported by the school district by the amount of tuition revenue
31 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 by the school district for sinking
11 and interest relative to the total mills levied in 2020 by the school district for
12 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; and

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

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

- 1 1. To determine the amount of state aid payable to each district, the superintendent of
2 public instruction shall establish each district's baseline funding. A district's baseline
3 funding consists of:
- 4 a. All state aid received by the district in accordance with chapter 15.1-27 during the
5 2018-19 school year;
- 6 b. An amount equal to the property tax deducted by the superintendent of public
7 instruction to determine the 2018-19 state aid payment;
- 8 c. An amount equal to seventy-five percent of the revenue received by the school
9 district during the 2017-18 school year for the following revenue types:
- 10 (1) Revenue reported under code 2000 of the North Dakota school district
11 financial accounting and reporting manual, as developed by the
12 superintendent of public instruction in accordance with section 15.1-02-08;
- 13 (2) Mineral revenue received by the school district through direct allocation from
14 the state treasurer and not reported under code 2000 of the North Dakota
15 school district financial accounting and reporting manual, as developed by
16 the superintendent of public instruction in accordance with section
17 15.1-02-08;
- 18 (3) Tuition reported under code 1300 of the North Dakota school district
19 financial accounting and reporting manual, as developed by the
20 superintendent of public instruction in accordance with section 15.1-02-08,
21 with the exception of revenue:
- 22 (a) Revenue received specifically for the operation of an educational
23 program provided at a residential treatment facility, ~~tuition~~;
- 24 (b) Tuition received for the provision of an adult farm management
25 program; and ~~beginning~~
- 26 (c) Beginning in the:
- 27 [1] 2023-24 school year, fifty-one percent of tuition received under
28 an agreement to educate students from a school district on an
29 air force base with funding received through federal impact aid;

1 [2] 2024-25 school year, sixty-eight percent of tuition received under
2 an agreement to educate students from a school district on an
3 air force base with funding received through federal impact aid;

4 [3] 2025-26 school year, eighty-five percent of tuition received under
5 an agreement to educate students from a school district on an
6 air force base with funding received through federal impact aid,
7 ~~until the; and~~

8 [4] 2026-27 school year, and each school year thereafter, when all
9 tuition received under an agreement to educate students from a
10 school district on an air force base with funding received through
11 federal impact aid ~~must be excluded from the tuition calculation~~
12 ~~under this paragraph;~~

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

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

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

19 d. An amount equal to the total revenue received by the school district during the
20 2017-18 school year for the following revenue types:

21 (1) Mobile home tax revenue;

22 (2) Telecommunications tax revenue; and

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

25 e. Beginning with the 2020-21 school year, the superintendent shall reduce the
26 baseline funding for any school district that becomes an elementary district
27 pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must
28 be proportional to the number of weighted student units in the grades that are
29 offered through another school district relative to the total number of weighted
30 student units the school district offered in the year before the school district
31 became an elementary district. The reduced baseline funding applies to the

1 calculation of state aid for the first school year in which the school district
2 becomes an elementary district and for each year thereafter. For districts that
3 become an elementary district prior to the 2020-21 school year, the
4 superintendent shall use the reduced baseline funding to calculate state aid for
5 the 2020-21 school year and for each year thereafter.

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

9 b. For any school district that becomes an elementary district pursuant to section
10 15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the
11 district's baseline funding per weighted student unit used to calculate state aid.
12 The superintendent shall divide the district's baseline funding determined in
13 subsection 1 by the district's weighted student units after the school district
14 becomes an elementary district to determine the district's adjusted baseline
15 funding per weighted student unit. The superintendent shall use the district's
16 adjusted baseline funding per weighted student unit in the calculation of state aid
17 for the first school year in which the school district becomes an elementary
18 district and for each year thereafter.

19 c. Beginning with the 2021-22 school year and for each school year thereafter, the
20 superintendent shall reduce the district's baseline funding per weighted student
21 unit. Each year the superintendent shall calculate the amount by which the
22 district's baseline funding per weighted student unit exceeds the payment per
23 weighted student unit provided in subsection 3. The superintendent shall reduce
24 the district's baseline funding per weighted student unit by fifteen percent of the
25 amount by which the district's baseline funding per weighted student unit exceeds
26 the payment per weighted student unit for the 2021-22 school year. For each
27 year thereafter, the reduction percentage is increased by an additional fifteen
28 percent. However, the district's baseline funding per weighted student unit, after
29 the reduction, may not be less than the payment per weighted student unit
30 provided in subsection 3.

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

- 1 (1) ~~For the 2021-22 school year, the transition maximum rate is one hundred~~
2 ~~ten percent of the district's baseline funding per weighted student unit, as~~
3 ~~established in subsection 2, multiplied by the district's weighted student~~
4 ~~units from the previous school year.~~
- 5 (2) ~~For the 2022-23 school year, the transition maximum rate is one hundred~~
6 ~~ten percent of the district's baseline funding per weighted student unit, as~~
7 ~~established in subsection 2, multiplied by the district's weighted student~~
8 ~~units from the previous school year.~~
- 9 (3) For the 2023-24 school year, the transition maximum rate is one hundred
10 ten percent of the district's baseline funding per weighted student unit, as
11 established in subsection 2, plus twenty percent of the difference between
12 the rate under paragraph 1 of subdivision b of this subsection and
13 one hundred ten percent of the district's baseline funding per weighted
14 student unit. The transition maximum is determined by multiplying the
15 transition maximum rate, which may not exceed the rate under paragraph 1
16 of subdivision b of this subsection, by the district's weighted student units
17 from the previous school year.
- 18 (4)(2) For the 2024-25 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, plus forty percent of the difference between the
21 rate under paragraph 1 of subdivision b of this subsection and one hundred
22 ten percent of the district's baseline funding per weighted student unit. The
23 transition maximum is determined by multiplying the transition maximum
24 rate, which may not exceed the rate under paragraph 1 of subdivision b of
25 this subsection, by the district's weighted student units from the previous
26 school year.
- 27 (5)(3) For the 2025-26 school year, the transition maximum rate is one hundred
28 ten percent of the district's baseline funding per weighted student unit, as
29 established in subsection 2, plus sixty percent of the difference between the
30 rate under paragraph 1 of subdivision b of this subsection and one hundred
31 ten percent of the district's baseline funding per weighted student unit. The

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

5 ~~(6)~~(4) For the 2026-27 school year, the transition maximum rate is one hundred
6 ten percent of the district's baseline funding per weighted student unit, as
7 established in subsection 2, plus eighty percent of the difference between
8 the rate under paragraph 1 of subdivision b of this subsection and
9 one hundred ten percent of the district's baseline funding per weighted
10 student unit. The transition maximum is determined by multiplying the
11 transition maximum rate, which may not exceed the rate under paragraph 1
12 of subdivision b of this subsection, by the district's weighted student units
13 from the previous school year.

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

16 a. ~~Subtract an amount equal to sixty mills multiplied by the taxable valuation of the~~
17 ~~school district; and~~

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

22 ~~(4)~~a. Tuition revenue shall be adjusted as follows:

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

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

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

8 ~~(2)~~b. After adjusting tuition revenue as provided in ~~paragraph 1~~subdivision a, the
9 superintendent shall reduce all remaining revenues from all revenue types by the
10 percentage of mills levied in ~~2020~~2022 by the school district for sinking and
11 interest relative to the total mills levied in ~~2020~~2022 by the school district for all
12 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, on an annual basis shall report ~~the following~~ to the
21 superintendent of public instruction ~~on an annual basis~~:

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

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

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

29 **SECTION 3. AMENDMENT.** Section 57-15-01.1 of the North Dakota Century Code is
30 amended and reenacted as follows:

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

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

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

6 2. For purposes of this section:

7 a. "Base year" means the taxing district's taxable year with the highest amount
8 levied in dollars in property taxes of the three taxable years immediately
9 preceding the budget year; ~~and~~

10 b. "Budget year" means the taxing district's year for which the levy is being
11 determined under this section; ~~and~~

12 c. "Calculated mill rate" means the mill rate that results from dividing the base year
13 taxes levied by the sum of the taxable value of the taxable property in the base
14 year plus the taxable value of the property exempt by local discretion or
15 charitable status, calculated in the same manner as the taxable property; ~~and~~

16 d. "Property exempt by local discretion or charitable status" means property
17 exempted from taxation as new or expanding businesses under chapter 40-57.1;
18 improvements to property under chapter 57-02.2; or buildings belonging to
19 institutions of public charity, new single-family residential or townhouse or
20 condominium property, property used for early childhood services, or pollution
21 abatement improvements under section 57-02-08.

22 e. "Taxing district" means any political subdivision, other than a school district,
23 empowered by law to levy taxes.

24 3. A taxing district may elect to levy the amount levied in dollars in the base year. Any
25 levy under this section must be specifically approved by a resolution approved by the
26 governing body of the taxing district. Before determining the levy limitation under this
27 section, the dollar amount levied in the base year must be:

28 a. Reduced by an amount equal to the sum determined by application of the base
29 year's calculated mill rate for that taxing district to the final base year taxable
30 valuation of any taxable property and property exempt by local discretion or

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

1 ~~apply subsection 3 to the total amount levied in dollars in the base year for both the~~
2 ~~general fund and special fund accounts. School district levies under any section other~~
3 ~~than section 57-15-14 may be made within applicable limitations but those levies are~~
4 ~~not subject to subsection 3.~~

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

8 **SECTION 4. AMENDMENT.** Subsection 1 of section 57-15-14 of the North Dakota Century
9 Code is amended and reenacted as follows:

- 10 1. Unless authorized by the electors of the school district in accordance with this section,
11 a school district may not impose greater levies than those permitted under section
12 57-15-14.2.
- 13 a. In any school district having a total population in excess of four thousand
14 according to the last federal decennial census there may be levied any specific
15 number of mills that upon resolution of the school board has been submitted to
16 and approved by a majority of the qualified electors voting upon the question at
17 any regular or special school district election.
- 18 b. In any school district having a total population of fewer than four thousand, there
19 may be levied any specific number of mills that upon resolution of the school
20 board has been approved by fifty-five percent of the qualified electors voting
21 upon the question at any regular or special school election.
- 22 c. After June 30, 2009, in any school district election for approval by electors of
23 increased levy authority under subsection 1 or 2, the ballot must specify the
24 number of mills proposed for approval, and the number of taxable years for which
25 that approval is to apply. After June 30, 2009, approval by electors of increased
26 levy authority under subsection 1 or 2 may not be effective for more than ten
27 taxable years.
- 28 d. The authority for a levy of up to a specific number of mills under this section
29 approved by electors of a school district before July 1, 2009, is terminated
30 effective for taxable years after 2015. If the electors of a school district subject to
31 this subsection have not approved a levy for taxable years after 2015 of up to a

1 specific number of mills under this section by December 31, 2015, the school
2 district levy limitation for subsequent years is subject to the limitations under
3 ~~section 57-15-01.1~~ or this section.

4 e. For taxable years beginning after 2012:

5 (1) The authority for a levy of up to a specific number of mills, approved by
6 electors of a school district for any period of time that includes a taxable
7 year before 2009, must be reduced by one hundred fifteen mills as a
8 precondition of receiving state aid in accordance with chapter 15.1-27.

9 (2) The authority for a levy of up to a specific number of mills, approved by
10 electors of a school district for any period of time that does not include a
11 taxable year before 2009, must be reduced by forty mills as a precondition
12 of receiving state aid in accordance with chapter 15.1-27.

13 (3) The authority for a levy of up to a specific number of mills, placed on the
14 ballot in a school district election for electoral approval of increased levy
15 authority under subdivision a or b, after June 30, ~~2013~~2022, must be stated
16 as a specific number of mills of general fund levy authority and must include
17 a statement that the statutory school district general fund levy limitation is
18 ~~seventy~~ten mills on the dollar of the taxable valuation of the school district.

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

25 **SECTION 5. AMENDMENT.** Section 57-15-14.2 of the North Dakota Century Code is
26 amended and reenacted as follows:

27 **57-15-14.2. School district levies. (~~Effective for taxable years through December 31,~~**
28 **2024)**

29 1. ~~The board of a school district may levy a tax not exceeding the amount in dollars that~~
30 ~~the school district levied for the prior year, plus twelve percent and the dollar amount~~
31 ~~of the adjustment required in section 15.1-27-04.3, up to a levy of seventy mills on the~~

1 taxable valuation of the district, for any purpose related to the provision of educational
2 services. The proceeds of this levy must be deposited into the school district's general
3 fund and used in accordance with this subsection. The proceeds may not be
4 transferred into any other fund.

5 2. The board of a school district may levy no more than twelve mills on the taxable
6 valuation of the district, for miscellaneous purposes and expenses. The proceeds of
7 this levy must be deposited into a special fund known as the miscellaneous fund and
8 used in accordance with this subsection. The proceeds may not be transferred into
9 any other fund.

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

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

18 5. The board of a school district may levy no more than five mills on the taxable valuation
19 of the district, pursuant to section 57-15-15.1, for purposes of developing a school
20 safety plan in accordance with section 15.1-09-60. The proceeds of this levy must be
21 deposited into a special fund known as the school safety plan fund and used in
22 accordance with this subsection.

23 6. Nothing in this section limits the board of a school district from levying:

24 a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and

25 b. Mills necessary to pay principal and interest on the bonded debt of the district,
26 including the mills necessary to pay principal and interest on any bonded debt
27 incurred under section 57-15-17.1 before July 1, 2013.

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

29 1. The board of a school district may levy a tax not exceeding the amount in dollars that
30 the school district levied for the prior year, plus twelve percent, up to a levy of seventy
31 mills on the taxable valuation of the district, for any purpose related to the provision of

1 ~~educational services. The proceeds of this levy must be deposited into the school-~~
2 ~~district's general fund and used in accordance with this subsection. The proceeds may~~
3 ~~not be transferred into any other fund.~~The board of a school district may levy no more
4 than ten mills on the taxable valuation of the district, for any purpose related to the
5 provision of educational services. The proceeds of this levy must be deposited into the
6 school district's general fund and used in accordance with this subsection. The
7 proceeds may not be transferred into any other fund.

8 2. The board of a school district may levy no more than twelve mills on the taxable
9 valuation of the district, for miscellaneous purposes and expenses. The proceeds of
10 this levy must be deposited into a special fund known as the miscellaneous fund and
11 used in accordance with this subsection. The proceeds may not be transferred into
12 any other fund.

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

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

21 5. The board of a school district may levy no more than five mills on the taxable valuation
22 of the district, pursuant to section 57-15-15.1, for purposes of developing a school
23 safety plan in accordance with section 15.1-09-60. The proceeds of this levy must be
24 deposited into a special fund known as the school safety plan fund and used in
25 accordance with this subsection.

26 6. Nothing in this section limits the board of a school district from levying:

- 27 a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and
28 b. Mills necessary to pay principal and interest on the bonded debt of the district,
29 including the mills necessary to pay principal and interest on any bonded debt
30 incurred under section 57-15-17.1 before July 1, 2013.

1 **SECTION 6. AMENDMENT.** Subdivision c of subsection 1 of section 57-20-07.1 of the
2 North Dakota Century Code is amended and reenacted as follows:

3 c. Provide information identifying the property tax savings provided by the state of
4 North Dakota. The tax statement must include a line item that is entitled
5 "legislative tax relief" and identifies the dollar amount of property tax savings
6 realized by the taxpayer under chapter 50-34 for taxable years before 2019,
7 chapter 50-35 for taxable years after 2018, and chapter 15.1-27.

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

14 (a) ~~Fifty~~One hundred ten mills; or

15 (b) The 2012 taxable year mill rate of the school district ~~minus sixty~~ mills.

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

21 **SECTION 7. AMENDMENT.** Subsection 1 of section 57-39.2-02.1 of the North Dakota
22 Century Code is amended and reenacted as follows:

23 1. Except as otherwise expressly provided in this chapter, there is imposed a tax of five
24 and one-half percent upon the gross receipts of retailers from all sales at retail,
25 including the leasing or renting of tangible personal property as provided in this
26 section, within this state of the following to consumers or users:

27 a. Tangible personal property, consisting of goods, wares, or merchandise, and
28 bundled transactions consisting entirely of tangible personal property.

29 b. The furnishing or service of communication services, excluding internet access
30 service but including one-way and two-way telecommunications services or
31 steam other than steam used for processing agricultural products.

- 1 c. Tickets or admissions to places of amusement or entertainment or athletic
2 events, including amounts charged for participation in an amusement,
3 entertainment, or athletic activity.
- 4 d. Magazines and other periodicals.
- 5 e. The leasing or renting of a hotel or motel room or other accommodations.
- 6 f. The leasing or renting of tangible personal property the transfer of title to which
7 has not been subjected to a retail sales tax under this chapter or a use tax under
8 chapter 57-40.2.
- 9 g. Sale, lease, or rental of a computer and prewritten computer software, including
10 prewritten computer software delivered electronically or by load and leave. For
11 purposes of this subdivision:
- 12 (1) "Computer" means an electronic device that accepts information in digital or
13 similar form and manipulates it for a result based on a sequence of
14 instructions.
- 15 (2) "Computer software" means a set of coded instructions designed to cause a
16 computer or automatic data processing equipment to perform a task.
- 17 (3) "Delivered electronically" means delivered from the seller to the purchaser
18 by means other than tangible storage media.
- 19 (4) "Electronic" means relating to technology having electrical, digital, magnetic,
20 wireless, optical, electromagnetic, or similar capabilities.
- 21 (5) "Load and leave" means delivery to the purchaser by use of a tangible
22 storage media when the tangible storage media is not physically transferred
23 to the purchaser.
- 24 (6) "Prewritten computer software" means computer software, including
25 prewritten upgrades, which is not designed and developed by the author or
26 other creator to the specifications of a specific purchaser. The combining of
27 two or more "prewritten computer software" programs or prewritten portions
28 thereof does not cause the combination to be other than "prewritten
29 computer software". "Prewritten computer software" includes software
30 designed and developed by the author or other creator to the specifications
31 of a specific purchaser when it is sold to a person other than the purchaser.

1 If a person modifies or enhances "computer software" of which the person is
2 not the author or creator, the person is deemed to be the author or creator
3 only of such person's modifications or enhancements. "Prewritten computer
4 software" or a prewritten portion thereof that is modified or enhanced to any
5 degree, if such modification or enhancement is designed and developed to
6 the specifications of a specific purchaser, remains "prewritten computer
7 software". However, if there is a reasonable, separately stated charge or an
8 invoice or other statement of the price given to the purchaser for such
9 modification or enhancement, such modification or enhancement shall not
10 constitute "prewritten computer software".

- 11 h. A mandatory computer software maintenance contract for prewritten computer
12 software.
- 13 i. An optional computer software maintenance contract for prewritten computer
14 software that provides only software upgrades or updates or an optional
15 computer software maintenance contract for prewritten computer software that is
16 a bundled transaction and provides software upgrades or updates and support
17 services.

18 **SECTION 8. AMENDMENT.** Subsection 1 of section 57-40.2-02.1 of the North Dakota
19 Century Code is amended and reenacted as follows:

- 20 1. Except as otherwise expressly provided in this chapter, an excise tax is imposed on
21 the storage, use, or consumption in this state of tangible personal property purchased
22 at retail for storage, use, or consumption in this state, at the rate of five and one-half
23 percent of the purchase price of the property. Except as provided in section
24 57-40.2-11, an excise tax is imposed on the storage, use, or consumption in this state
25 of tangible personal property not originally purchased for storage, use, or consumption
26 in this state at the rate of five and one-half percent of the fair market value of the
27 property at the time it was brought into this state.

28 **SECTION 9. REPEAL.** Sections 15.1-27-04.2, 15.1-27-04.3, 15.1-27-15.1, and
29 15.1-27-20.2 of the North Dakota Century Code are repealed.

30 **SECTION 10. APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION -**
31 **INTEGRATED FORMULA PAYMENTS.** There is appropriated out of any moneys in the general

1 fund in the state treasury, not otherwise appropriated, the sum of \$200,000,000, or so much of
2 the sum as may be necessary, to the department of public instruction for the purpose of
3 integrated formula payments, for the biennium beginning July 1, 2023, and ending June 30,
4 2025.

5 **SECTION 11. APPROPRIATION - STRATEGIC INVESTMENT AND IMPROVEMENTS**

6 **FUND - DEPARTMENT OF PUBLIC INSTRUCTION - ONE-TIME FUNDING.** There is
7 appropriated out of any moneys in the strategic investment and improvements fund in the state
8 treasury, not otherwise appropriated, the sum of \$300,000,000, or so much of the sum as may
9 be necessary, to the department of public instruction for the purpose of integrated formula
10 payments, for the biennium beginning July 1, 2023, and ending June 30, 2025. The funding
11 provided in this section is considered a one-time funding item.

12 **SECTION 12. APPROPRIATION - LEGACY EARNINGS FUND - DEPARTMENT OF**

13 **PUBLIC INSTRUCTION - ONE-TIME FUNDING.** Pursuant to the designation of funding for
14 other legislative purposes under subdivision c of subsection 4 of section 21-10-13, there is
15 appropriated out of any moneys in the legacy earnings fund in the state treasury, not otherwise
16 appropriated, the sum of \$160,000,000, or so much of the sum as may be necessary, to the
17 department of public instruction for the purpose of integrated formula payments, for the
18 biennium beginning July 1, 2023, and ending June 30, 2025. The funding provided in this
19 section is considered a one-time funding item.

20 **SECTION 13. EFFECTIVE DATE.** Sections 3, 4, and 5 of this Act are effective for taxable
21 years beginning after December 31, 2022. Sections 7 and 8 of this Act are effective for taxable
22 events occurring after June 30, 2023.