Sixty-fourth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 6, 2015

SENATE BILL NO. 2031
(Legislative Management)
(Education Funding Committee)

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

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

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

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

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

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

15.1-06-04. School calendar - Length.

~~1. During the 2009-10 school year, a school district shall provide for a school calendar of at least one hundred eighty days.~~

~~a. One hundred seventy-three days must be used for instruction;~~

~~b. Three days must be used for holidays, as selected by the school board in consultation with district teachers from the list provided for in subdivisions b through j of subsection 1 of section 15.1-06-02;~~

~~c. Up to two days must be used for:~~

~~(1) Parent-teacher conferences; or~~

~~(2) Compensatory time for parent-teacher conferences held outside regular school hours; and~~

~~d. Two days must be used for professional development.~~

~~2. During the 2010-11 school year, a school district shall provide for a school calendar of at least one hundred eighty-one days.~~

~~a. One hundred seventy-four days must be used for instruction;~~

~~b. Three days must be used for holidays, as selected by the board in consultation with district teachers from the list provided for in subdivisions b through j of subsection 1 of section 15.1-06-02;~~

~~c. Up to two days must be used for:~~

~~(1) Parent-teacher conferences; or~~

~~(2) Compensatory time for parent-teacher conferences held outside of regular school hours; and~~

~~d. Two days must be used for professional development.~~

~~3. Beginning with the 2011-12 school year, a~~

1. A school district shall provide for a school calendar ~~of at least one hundred eighty-two days.~~that includes:

   a. ~~One~~At least one hundred seventy-five days ~~must be used for~~of instruction;

   b. Three ~~days must be used for~~ holidays, as selected by the board in consultation with district teachers from the list provided for in subdivisions b through j of subsection 1 of section 15.1-06-02;

   c. ~~Up to~~No more than two days ~~must be used~~ for:

      (1) Parent-teacher conferences; or

      (2) Compensatory time for parent-teacher conferences held outside of regular school hours; and

   d. ~~Two days must be used for~~At least two days of professional development.

~~4.~~2. a. A day ~~for~~of professional development must consist of:

   ~~a.~~ (1) Six hours of professional development, exclusive of meals and other breaks, conducted within a single day; ~~or~~

   ~~b.~~ (2) Six hours of cumulative professional development conducted under the auspices of a professional learning community; or

      (3) Two four-hour periods of professional development, exclusive of meals and other breaks, conducted over two days.

~~5.~~ b. If a school district offers a four-hour period of professional development, as permitted in ~~subdivision b of~~this subsection ~~4~~, the school district may schedule instruction during other

available hours on that same day and be credited with providing one-half day of instruction to students. This ~~subsection~~subdivision does not apply unless the one-half day of instruction equals at least one-half of the time required for a full day of instruction, as defined in this section.

~~6. a. In meeting the requirements for two days of professional development under this section, a school district may require that its teachers attend the North Dakota education association instructional conference and may pay teachers for attending the conference, provided their attendance is verified.~~

~~b. In meeting the requirements for two days of professional development under this section, a school district may consider attendance at the North Dakota education association instructional conference to be optional, elect not to pay teachers for attending the instructional conference, and instead direct any resulting savings toward providing alternate professional development opportunities.~~

~~c. A school district may not require the attendance of teachers in school or at any school-sponsored, school-directed, school-sanctioned, or school-related activities and may not schedule classroom instruction time nor alternate professional development activities on any day that conflicts with the North Dakota education association instructional conference.~~

~~7. Beginning with the 2010-11 school year, if a school district elects to provide an optional third day of professional development, the school district shall do so by:~~

~~a. Meeting the requirements for a day of professional development as set forth in subsection 4; or~~

~~b. Shortening four instructional days, for the purpose of providing for two-hour periods of professional development, provided:~~

~~(1) Each instructional day on which such professional development occurs includes at least four hours of instruction for kindergarten and elementary students and four and one-half hours for high school students;~~

~~(2) The instructional time for each course normally scheduled on that day is reduced proportionately or the daily schedule is reconfigured to ensure that the same course is not subject to early dismissal more than one time per school calendar, as a result of this subdivision; and~~

~~(3) All teachers having a class dismissed as a result of this subdivision are required to be in attendance and participate in the professional development.~~

~~8. a. If a school's calendar provides for an extension of each schoolday beyond the statutorily required minimum number of hours, and if the extensions when aggregated over an entire school year amount to more than eighty-four hours of additional classroom instruction during the school year, the school is exempt from having to make up six hours of instruction time lost as a result of weather-related closure. In order to make up lost classroom instruction time beyond the six hours, the school must extend its normal school calendar day by at least thirty minutes.~~

~~b. A school that does not qualify under the provisions of this subsection must extend its normal schoolday by at least thirty minutes to make up classroom instruction time lost as a result of weather-related closure.~~

~~c.~~3. If because of weather a school must dismiss before completing a full day of instruction, the school is responsible for making up only those hours and portions of an hour between the time of early dismissal and the conclusion of a full day of classroom instruction.

~~9.~~4. For purposes of this section, a full day of instruction consists of:

a. At least five and one-half hours for kindergarten and elementary students, during which time the students are required to be in attendance for the purpose of receiving curricular instruction; and

b. At least six hours for high school students, during which time the students are required to be in attendance for the purpose of receiving curricular instruction.

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

School district calendar - Limitation.

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

2. The declaration permitted by subsection 1 is limited to two days during a school year.

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

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

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

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

~~1. The board of education of the city of Fargo may levy taxes, as necessary for any of the following purposes:~~

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

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

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

~~d. To provide fuel.~~

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

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

~~2. The question of authorizing or discontinuing the unlimited taxing authority of the board of education of the city of Fargo must be submitted to the qualified electors of the Fargo school district at the next regular election upon resolution of the board of education or upon filing with the board a petition containing the signatures of qualified electors of the district equal in number to twenty percent of the individuals enumerated in the most recent school district census. However, if the electors approve a discontinuation of the unlimited taxing authority,~~

~~their approval of the discontinuation may not affect the tax levy effective for the calendar year in which the election is held. In addition, the minimum levy may not be less than the levy that was in force at the time of the election. The board may increase its levy in accordance with section 57-15-01. If the district experiences growing enrollment, the board may increase the levy by an amount equal to the amount levied the preceding year per student times the number of additional students enrolled during the new year.~~

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

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

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

2. The city auditor shall calculate and extend upon the annual assessment roll and tax list any tax levied by the board of education. The tax must be collected in the same manner as other city taxes.

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

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

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

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

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

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

2. Approved by the superintendent of public instruction.

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

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

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

   b. The survey instrument must include references to quality; timeliness; the availability, courtesy, knowledge, and responsiveness of staff; the ease of obtaining information or services; and the cost and value of the interaction.

   c. The education standards and practices board shall begin to utilize the survey no later than June 1, 2015.

2. The education standards and practices board shall compile the responses and provide reports regarding the results to an interim committee designated by the legislative management at the times and in the manner requested by the committee.

3. Any expenses incurred by the superintendent of public instruction in developing the survey instrument are the responsibility of the education standards and practices board.

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

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

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

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

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

   ~~c.~~b. 0.60 the number of full-time equivalent students enrolled in a summer education program, including a migrant summer education program;

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

   ~~e.~~c. ~~0.30~~0.33 the number of full-time equivalent students who:

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

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

   ~~f.~~d. 0.25 the number of full-time equivalent students under the age of twenty-one enrolled in grades nine through twelve in an alternative high school;

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

   ~~h.~~e. ~~0.20~~0.22 the number of full-time equivalent students who:

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

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

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

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

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

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

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

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

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

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

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

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

~~o. 0.003 the number of students enrolled in average daily membership in each public school in the district that:~~

~~(1) Has acquired and is utilizing the PowerSchool student information system;~~

~~(2) Has acquired and is in the process of implementing the PowerSchool student information system; or~~

~~(3) Will acquire the PowerSchool student information system during the current school year, provided the acquisition is contractually demonstrated;~~ and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~n. 0.006 the number of students enrolled in average daily membership in each public school in the district that:~~

~~(1) Has acquired and is utilizing the PowerSchool student information system;~~

~~(2) Has acquired and is in the process of implementing the PowerSchool student information system; or~~

~~(3) Will acquire the PowerSchool student information system during the current school year, provided the acquisition is contractually demonstrated; and~~

~~o. 0.004 the number of students enrolled in average daily membership in a school district that is a participating member of a regional education association meeting the requirements of chapter 15.1-09.1.~~

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

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

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

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

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

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

~~c.~~b. 0.60 the number of full-time equivalent students enrolled in a summer education program, including a migrant summer education program;

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

~~e.~~c. ~~0.30~~0.40 the number of full-time equivalent students who:

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

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

d. 0.28 the number of full-time equivalent students who:

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

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

~~f.~~e. 0.25 the number of full-time equivalent students under the age of twenty-one enrolled in grades nine through twelve in an alternative high school;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~o. 0.003 the number of students enrolled in average daily membership in each public school in the district that:~~

~~(1) Has acquired and is utilizing the PowerSchool student information system;~~

~~(2) Has acquired and is in the process of implementing the PowerSchool student information system; or~~

~~(3) Will acquire the PowerSchool student information system during the current school year, provided the acquisition is contractually demonstrated;~~ and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~l. 0.07 the number of full-time equivalent students who:~~

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

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

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

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

~~n. 0.006 the number of students enrolled in average daily membership in each public school in the district that:~~

~~(1) Has acquired and is utilizing the PowerSchool student information system;~~

~~(2) Has acquired and is in the process of implementing the PowerSchool student information system; or~~

~~(3) Will acquire the PowerSchool student information system during the current school year, provided the acquisition is contractually demonstrated; and~~

~~o. 0.004 the number of students enrolled in average daily membership in a school district that is a participating member of a regional education association meeting the requirements of chapter 15.1-09.1.~~

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

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

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

1. For each high school district in the state, the superintendent of public instruction shall assign a school district size weighting factor of:

   a. 1.36 if the students in average daily membership number fewer than 110;

   b. 1.35 if the students in average daily membership number at least 110 but fewer than 125;

   ~~b.~~c. 1.34 if the students in average daily membership number at least 125 but fewer than 130;

   ~~c.~~d. 1.33 if the students in average daily membership number at least 130 but fewer than 135;

   ~~d.~~e. 1.32 if the students in average daily membership number at least 135 but fewer than 140;

   ~~e.~~f. 1.31 if the students in average daily membership number at least 140 but fewer than 145;

~~f.~~g. 1.30 if the students in average daily membership number at least 145 but fewer than 150;

~~g.~~h. 1.29 if the students in average daily membership number at least 150 but fewer than 155;

~~h.~~i. 1.28 if the students in average daily membership number at least 155 but fewer than 160;

~~i.~~j. 1.27 if the students in average daily membership number at least 160 but fewer than 165;

~~j.~~k. 1.26 if the students in average daily membership number at least 165 but fewer than 175;

~~k.~~l. 1.25 if the students in average daily membership number at least 175 but fewer than 185;

~~l.~~m. 1.24 if the students in average daily membership number at least 185 but fewer than 200;

~~m.~~n. 1.23 if the students in average daily membership number at least 200 but fewer than 215;

~~n.~~o. 1.22 if the students in average daily membership number at least 215 but fewer than 230;

~~o.~~p. 1.21 if the students in average daily membership number at least 230 but fewer than 245;

~~p.~~q. 1.20 if the students in average daily membership number at least 245 but fewer than 260;

~~q.~~r. 1.19 if the students in average daily membership number at least 260 but fewer than 270;

~~r.~~s. 1.18 if the students in average daily membership number at least 270 but fewer than 275;

~~s.~~t. 1.17 if the students in average daily membership number at least 275 but fewer than 280;

~~t.~~u. 1.16 if the students in average daily membership number at least 280 but fewer than 285;

~~u.~~v. 1.15 if the students in average daily membership number at least 285 but fewer than 290;

~~v.~~w. 1.14 if the students in average daily membership number at least 290 but fewer than 295;

~~w.~~x. 1.13 if the students in average daily membership number at least 295 but fewer than 300;

~~x.~~y. 1.12 if the students in average daily membership number at least 300 but fewer than 305;

~~y.~~z. 1.11 if the students in average daily membership number at least 305 but fewer than 310;

~~z.~~aa. 1.10 if the students in average daily membership number at least 310 but fewer than 320;

~~aa.~~bb. 1.09 if the students in average daily membership number at least 320 but fewer than 335;

~~bb.~~cc. 1.08 if the students in average daily membership number at least 335 but fewer than 350;

~~cc.~~dd. 1.07 if the students in average daily membership number at least 350 but fewer than 360;

~~dd.~~ee. 1.06 if the students in average daily membership number at least 360 but fewer than 370;

~~ee.~~ff. 1.05 if the students in average daily membership number at least 370 but fewer than 380;

~~ff.~~gg. 1.04 if the students in average daily membership number at least 380 but fewer than 390;

~~gg.~~hh. 1.03 if the students in average daily membership number at least 390 but fewer than 400;

~~hh.~~ii. 1.02 if the students in average daily membership number at least 400 but fewer than 600;

~~ii.~~jj. 1.01 if the students in average daily membership number at least 600 but fewer than 900; and

jj.kk. 1.00 if the students in average daily membership number at least 900.

2. For each elementary district in the state, the superintendent of public instruction shall assign a weighting factor of:

   a. 1.25 if the students in average daily membership number fewer than 125;

   b. 1.17 if the students in average daily membership number at least 125 but fewer than 200; and

   c. 1.00 if the students in average daily membership number at least 200.

3. The school district size weighting factor determined under this section and multiplied by a school district's weighted average daily membership equals the district's weighted student units.

4. Notwithstanding the provisions of this section, the school district size weighting factor assigned to a district may not be less than the factor arrived at when the highest number of students possible in average daily membership is multiplied by the school district size weighting factor for the subdivision immediately preceding the district's actual subdivision and then divided by the district's average daily membership.

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

~~1. For each high school district in the state, the superintendent of public instruction shall assign a school district size weighting factor of:~~

~~a. 1.25 if the students in average daily membership number fewer than 185;~~

~~b. 1.24 if the students in average daily membership number at least 185 but fewer than 200;~~

~~c. 1.23 if the students in average daily membership number at least 200 but fewer than 215;~~

~~d. 1.22 if the students in average daily membership number at least 215 but fewer than 230;~~

~~e. 1.21 if the students in average daily membership number at least 230 but fewer than 245;~~

~~f. 1.20 if the students in average daily membership number at least 245 but fewer than 260;~~

~~g. 1.19 if the students in average daily membership number at least 260 but fewer than 270;~~

~~h. 1.18 if the students in average daily membership number at least 270 but fewer than 275;~~

~~i. 1.17 if the students in average daily membership number at least 275 but fewer than 280;~~

~~j. 1.16 if the students in average daily membership number at least 280 but fewer than 285;~~

~~k. 1.15 if the students in average daily membership number at least 285 but fewer than 290;~~

~~l. 1.14 if the students in average daily membership number at least 290 but fewer than 295;~~

~~m. 1.13 if the students in average daily membership number at least 295 but fewer than 300;~~

~~n. 1.12 if the students in average daily membership number at least 300 but fewer than 305;~~

~~o. 1.11 if the students in average daily membership number at least 305 but fewer than 310;~~

~~p. 1.10 if the students in average daily membership number at least 310 but fewer than 320;~~

~~q. 1.09 if the students in average daily membership number at least 320 but fewer than 335;~~

~~r. 1.08 if the students in average daily membership number at least 335 but fewer than 350;~~

~~s. 1.07 if the students in average daily membership number at least 350 but fewer than 360;~~

~~t. 1.06 if the students in average daily membership number at least 360 but fewer than 370;~~

~~u. 1.05 if the students in average daily membership number at least 370 but fewer than 380;~~

~~v. 1.04 if the students in average daily membership number at least 380 but fewer than 390;~~

~~w. 1.03 if the students in average daily membership number at least 390 but fewer than 400;~~

~~x. 1.02 if the students in average daily membership number at least 400 but fewer than 600;~~

~~y. 1.01 if the students in average daily membership number at least 600 but fewer than 900; and~~

~~z. 1.00 if the students in average daily membership number at least 900.~~

~~2. For each elementary district in the state, the superintendent of public instruction shall assign a weighting factor of:~~

~~a. 1.25 if the students in average daily membership number fewer than 125;~~

~~b. 1.17 if the students in average daily membership number at least 125 but fewer than 200; and~~

~~c. 1.00 if the students in average daily membership number at least 200.~~

~~3. The school district size weighting factor determined under this section and multiplied by a school district's weighted average daily membership equals the district's weighted student units.~~

~~4. Notwithstanding the provisions of this section, the school district size weighting factor assigned to a district may not be less than the factor arrived at when the highest number of students possible in average daily membership is multiplied by the school district size weighting factor for the subdivision immediately preceding the district's actual subdivision and then divided by the district's average daily membership.~~

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

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

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

   a. All state aid received by the district in accordance with chapter 15.1-27 during the 2012-13 school year;

   b. The district's 2012-13 mill levy reduction grant, as determined in accordance with chapter 57-64, as it existed on June 30, 2013;

   c. An amount equal to that raised by the district's 2012 general fund levy or that raised by one hundred ten mills of the district's 2012 general fund levy, whichever is less;

   d. An amount equal to that raised by the district's 2012 long-distance learning and educational technology levy;

e. An amount equal to that raised by the district's 2012 alternative education program levy; and

f. An amount equal to:

(1) Seventy-five percent of all revenue received by the school district and reported under code 2000 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08;

(2) Seventy-five percent of all mineral revenue received by the school district through direct allocation from the state treasurer and not reported under code 2000 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08;

(3) Seventy-five percent of all tuition received by the school district and reported under code 1300 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08, with the exception of revenue received specifically for the operation of an educational program provided at a residential treatment facility and tuition received for the provision of an adult farm management program;

(4) Seventy-five percent of all revenue received by the school district from payments in lieu of taxes on the distribution and transmission of electric power;

(5) Seventy-five percent of all revenue received by the school district from payments in lieu of taxes on electricity generated from sources other than coal;

(6) All revenue received by the school district from mobile home taxes;

(7) Seventy-five percent of all revenue received by the school district from the leasing of land acquired by the United States for which compensation is allocated to the state under 33 U.S.C. 701(c)(3);

(8) All telecommunications tax revenue received by the school district; and

(9) All revenue received by the school district from payments in lieu of taxes and state reimbursement of the homestead credit and disabled veterans credit.

2. The superintendent shall divide the district's total baseline funding by the district's 2012-13 weighted student units in order to determine the district's baseline funding per weighted student unit.

~~3. a. In 2013-14, the superintendent shall multiply the district's weighted student units by eight thousand eight hundred ten dollars.~~

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

~~(a) One hundred two percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's 2013-14 weighted student units; or~~

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

~~(2) The superintendent shall also adjust the product to ensure that the product does not exceed one hundred ten percent of the district's baseline funding per weighted~~

~~student unit multiplied by the district's 2013-14 weighted student units, as established in subsection 2.~~

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

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

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

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

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

3. a. In 2015-16, the superintendent shall multiply the district's weighted student units by nine thousand three hundred sixty-five dollars.

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

(a) One hundred six percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's 2013-14 weighted student units; or

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

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

b. In 2016-17, the superintendent shall multiply the district's weighted student units by nine thousand six hundred forty-six dollars.

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

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

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

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

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

a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the school district, provided that after 2013, the amount in dollars subtracted for purposes of this subdivision may not exceed the previous year's amount in dollars subtracted for purposes of this subdivision by more than twelve percent; and

b. Subtract an amount equal to seventy-five percent of all revenues listed in paragraphs 1 through 5, and 7 of subdivision f of subsection 1 and one hundred percent of all revenues listed in paragraphs 6, 8, and 9 of subdivision f of subsection 1.

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

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

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

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

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

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

1. ~~If because of severe weather or other emergency conditions a public school or school district remains closed or provides less than a full day of instruction,~~The board of each school district shall include in the school calendar days that may be used for the rescheduling of instructional time lost as a result of severe weather or other emergency conditions.

2. a. The number of days required under subsection 1 must equal the average number of days per school year, as calculated using the previous five school years, during which the school district remained closed or provided less than a full day of instruction because of severe weather or other emergency conditions.

   b. The number of days determined under subdivision a may be included within the calendar no earlier than the month of January.

3. If the number of days during which a public school or school district is closed or provides less than a full day of instruction exceeds the number of days determined under subdivision a of subsection 2, the public school or school district shall make every effort to reschedule the remaining classes, so that students receive at least the number of full instructional days required by section 15.1-06-04 or an equivalent period of instructional time, as determined by the superintendent of public instruction.

~~2.~~4. Any public school or school district for which the rescheduling of classes would create undue hardship may request that, for purposes of calculating state aid payments to the school district, the governor waive the rescheduling in whole or in part.

~~3.~~5. The governor may not grant a waiver for less than a full day of instruction. However, if a public school or school district closes for only a portion of its regular schoolday, the hours during

which the school or school district is closed may be added together to determine the number of additional full days of instruction that may be waived under this section.

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

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

1. a. The superintendent of public instruction shall determine the amount of payments due a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is ~~in excess of forty-five percent of its actual expenditures, plus twenty thousand dollars.~~

   ~~b. Beginning July 1, 2015, the superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is~~ in excess of forty percent of its actual expenditures, plus twenty thousand dollars.

   ~~c.~~b Beginning July 1, 2017, the superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of thirty-five percent of its actual expenditures, plus twenty thousand dollars.

~~2. In making the determination required by subsection 1, the superintendent of public instruction may not include in a district's unobligated general fund balance any moneys that were received by the district from the federal education jobs fund program.~~

~~3.~~2. For purposes of this section, a district's unobligated general fund balance includes all moneys in the district's miscellaneous fund, as established under section 57-15-14.2.

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

~~1. The superintendent of public instruction shall determine the amount of payments due a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of forty-five percent of its actual expenditures, plus twenty thousand dollars.~~

~~2. In making the determination required by subsection 1, the superintendent of public instruction may not include in a district's unobligated general fund balance any moneys that were received by the district from the federal education jobs fund program.~~

SECTION 15. AMENDMENT. Section 15.1-27-45 of the North Dakota Century Code is amended and reenacted as follows:

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

1. ~~a.~~ The property tax relief fund is a special fund in the state treasury. ~~On July 1, 2013, the state treasurer shall change the name of the property tax relief sustainability fund established under section 57-64-05 to the property tax relief fund, as established by this section, and any unobligated balance in the property tax relief sustainability fund must be retained in the property tax relief fund.~~

   ~~b. The legislative council shall change the name of the property tax relief sustainability fund to the property tax relief fund in the North Dakota Century Code, in its supplements, and in all statutory compilations generated as a result of action by the sixty-third legislative assembly.~~

2. Moneys in the property tax relief fund may be expended pursuant to legislative appropriations for property tax relief programs.

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

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

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

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

~~**(Effective after the first two taxable years beginning after December 31, 2012) Provision of meals and lodging for high school students - Payment permitted - Levy.** Instead of providing transportation so that an eligible high school student residing in the district can attend school in another district, a school board may pay a reasonable allowance to the student's parent for costs incurred in the provision of meals and lodging for the student at a location other than the student's residence. A school district that furnishes either transportation or an allowance for the provision of meals and lodging for a student under this section may levy a tax pursuant to subdivision a of subsection 1 of section 57-15-14.2 for this purpose.~~

SECTION 17. AMENDMENT. Section 15.1-36-02 of the North Dakota Century Code is amended and reenacted as follows:

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

1. In order to provide school construction loans, the board of university and school lands may authorize the use of:

   a. Fifty million dollars, or so much of that amount as may be necessary, from the coal development trust fund, established pursuant to section 21 of article X of the Constitution of North Dakota and subsection 1 of section 57-62-02; and

   b. One hundred fifty million dollars from the strategic investment and improvements fund, established pursuant to section 15-08.1-08, for the period ending June 30, 2015.

2. In order to be eligible for a loan under this section, the board of a school district shall:

   a. Propose a construction project with a cost of at least one million dollars and an expected utilization of at least thirty years;

   b. Obtain the approval of the superintendent of public instruction for the construction project under section 15.1-36-01; and

   c. Submit to the superintendent of public instruction an application containing all information deemed necessary by the superintendent, including potential alternative sources or methods of financing the construction project.

3. If an eligible school district's taxable valuation per student is less than eighty percent of the state average taxable valuation per student, the district is entitled to receive:

a. A school construction loan equal to the lesser of twenty million dollars or ninety percent of the actual project cost;

b. An interest rate discount equal to at least one hundred but not more than four hundred basis points below the prevailing tax-free bond rates; and

c. A term of repayment that may extend up to twenty years.

4. If an eligible school district's taxable valuation per student is equal to at least eighty percent but less than ninety percent of the state average taxable valuation per student, the district is entitled to receive:

a. A school construction loan equal to the lesser of fifteen million dollars or eighty percent of the actual project cost;

b. An interest rate buydown equal to at least one hundred but not more than three hundred fifty basis points below the prevailing tax-free bond rates; and

c. A term of repayment that may extend up to twenty years.

5. If an eligible school district's taxable valuation per student is equal to at least ninety percent of the state average taxable valuation per student, the district is entitled to receive:

a. A school construction loan equal to the lesser of ten million dollars or seventy percent of the actual project cost;

b. An interest rate discount equal to at least one hundred but not more than three hundred basis points below the prevailing tax-free bond rates; and

c. A term of repayment that may extend up to twenty years.

6. The board of a school district may submit its loan application to the superintendent of public instruction before or after receiving authorization of a bond issue in accordance with chapter 21-03. If the vote to authorize a bond issue precedes the application for a loan, the application must be acted upon by the superintendent expeditiously but no later than one hundred eighty days from the date it is received by the superintendent.

7. The superintendent of public instruction shall consider each loan application in the order it received approval under section 15.1-36-01.

8. If the superintendent of public instruction approves the loan, the superintendent may determine the loan amount, the term of the loan, and the interest rate, in accordance with the requirements of this section. A school district's interest rate may not be less than one percent, regardless of any rate discount for which the district might otherwise qualify under this section.

9. a. If a school district seeking a loan under this section received an allocation of the oil and gas gross production tax during the previous fiscal year in accordance with chapter 57-51, the board of the district shall provide to the board of university and school lands, and to the state treasurer, its evidence of indebtedness indicating that the loan originated under this section.

b. If the evidence of indebtedness is payable solely from the school district's allocation of the oil and gas gross production tax in accordance with section 57-51-15, the loan does not constitute a general obligation of the school district and may not be considered a debt of the district.

c. If a loan made to a school district is payable solely from the district's allocation of the oil and gas gross production tax in accordance with section 57-51-15, the terms of the loan must require that the state treasurer withhold the dollar amount or percentage specified

in the loan agreement, from each of the district's oil and gas gross production tax allocations, in order to repay the principal and interest of the evidence of indebtedness. The state treasurer shall deposit the amount withheld into the fund from which the loan originated.

d. Any evidence of indebtedness executed by the board of a school district under this subsection is a negotiable instrument and not subject to taxation by the state or any political subdivision of the state.

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

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

~~1. The board of university and school lands may authorize the use of moneys in the coal development trust fund established pursuant to section 21 of article X of the Constitution of North Dakota and subsection 1 of section 57-62-02 to provide school construction loans, as described in this chapter. The outstanding principal balance of loans under this chapter may not exceed fifty million dollars. The board may adopt policies and rules governing school construction loans.~~

~~2. In order to be eligible for a loan under this section, the board of a school district shall:~~

~~a. Propose a construction project with a cost of at least one million dollars and an expected utilization of at least thirty years;~~

~~b. Obtain the approval of the superintendent of public instruction for the construction project under section 15.1-36-01; and~~

~~c. Submit to the superintendent of public instruction an application containing all information deemed necessary by the superintendent, including potential alternative sources or methods of financing the construction project.~~

~~3. The superintendent of public instruction shall give priority to any district that meets the requirements for receipt of an equity payment under section 15.1-27-11.~~

~~4. If an eligible school district's imputed taxable valuation per student is less than eighty percent of the state average imputed valuation per student, the district is entitled to receive:~~

~~a. A school construction loan equal to the lesser of twelve million dollars or eighty percent of the actual project cost;~~

~~b. An interest rate discount equal to at least one hundred but not more than two hundred fifty basis points below the prevailing tax-free bond rates; and~~

~~c. A term of repayment that may extend up to twenty years.~~

~~5. If an eligible school district's imputed taxable valuation per student is equal to at least eighty percent but less than ninety percent of the state average imputed taxable valuation per student, the district is entitled to receive:~~

~~a. A school construction loan equal to the lesser of ten million dollars or seventy percent of the actual project cost;~~

~~b. An interest rate buydown equal to at least one hundred but not more than two hundred fifty basis points below the prevailing tax-free bond rates; and~~

~~c. A term of repayment that may extend up to twenty years.~~

~~6. If an eligible school district's imputed taxable valuation per student is equal to at least ninety percent of the state average imputed taxable valuation per student, the district is entitled to receive:~~

~~a. A school construction loan equal to the lesser of four million dollars or thirty percent of the actual project cost;~~

~~b. An interest rate discount equal to at least one hundred but not more than two hundred fifty basis points below the prevailing tax-free bond rates; and~~

~~c. A term of repayment that may extend up to twenty years.~~

~~7. The board of a school district may submit its loan application to the superintendent of public instruction before or after receiving authorization of a bond issue in accordance with chapter 21-03. If the vote to authorize a bond issue precedes the application for a loan, the application must be acted upon by the superintendent expeditiously but no later than one hundred eighty days from the date it is received by the superintendent.~~

~~8. The superintendent of public instruction shall consider each loan application in the order it received approval under section 15.1-36-01.~~

~~9. If the superintendent of public instruction approves the loan, the superintendent may determine the loan amount, the term of the loan, and the interest rate, in accordance with the requirements of this section.~~

~~10. The superintendent of public instruction may adopt rules governing school construction loans.~~

~~11. For purposes of this section, a construction project means the purchase, lease, erection, or improvement of any structure or facility by a school board, provided the acquisition or activity is within a school board's authority.~~

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

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

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

2. The questions referenced in subsection 1 may not be voted upon at the next general election unless ~~such~~ action of the governing body ~~shall be~~is taken, or ~~such~~a petition to submit ~~such~~the question ~~shall be~~is filed, thirty days prior to the date of ~~such~~the election.

3. A school district may provide for the establishment, maintenance, and conduct of a public recreation system using the proceeds of levies, as permitted by section 57-15-14.2.

~~**(Effective after the first two taxable years beginning after December 31, 2012) Election to determine desirability of establishing recreation system - How called.** The governing body of any municipality, school district, or park district to which this chapter is applicable, may and upon receipt of a petition signed by at least ten qualified electors but not less than five percent of those qualified electors~~

~~who voted at the last general election of the municipality, school district, or park district, shall submit to the qualified electors the question of the establishment, maintenance, and conduct of a public recreation system, and except in the case of a school district, the levying of an annual tax for the conduct and maintenance thereof of not more than two and five-tenths mills on each dollar of taxable valuation of all taxable property within the corporate limits or boundaries of such municipality or park district, to be voted upon at the next general election or special municipal election; provided, however, that such questions may not be voted upon at the next general election unless such action of the governing body shall be taken, or such petition to submit such question shall be filed thirty days prior to the date of such election. A school district may levy a tax for the establishment, maintenance, and conduct of a public recreation system pursuant to subdivision q of subsection 1 of section 57-15-14.2.~~

SECTION 19. AMENDMENT. Section 40-55-09 of the North Dakota Century Code is amended and reenacted as follows:

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

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

2. The governing body of the municipality shall thereafter levy and collect annually a tax of not more than two and five-tenths mills, or not more than eight and five-tenths mills if authorized as provided by this section, on each dollar of the taxable valuation of all taxable property within the corporate limits or boundaries of the municipality. This tax is in addition to the maximum of taxes permitted to be levied in ~~such~~the municipality.

3. The mill levy authorized by this section may be raised to not more than eight and five-tenths mills when the increase is approved by the citizens of the municipality, after submission of the question in the same manner as provided in section 40-55-08 for the establishment of the public recreation system.

4. The governing body of the municipality shall continue to levy the tax annually for public recreation purposes, until the qualified voters, at a regular or special election, by a majority vote on the proposition, decide to discontinue the levy.

5. The governing body of the municipality may appropriate additional funds for the operation of the public recreation system if, in the opinion of the governing body, additional funds are needed for the efficient operation ~~thereof~~of the system.

6. This chapter does not limit the power of any municipality, school district, or park district to appropriate, on its own initiative, general municipal, school district, or park district tax funds for the operation of a public recreation system, a community center, or character-building facility.

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

~~**(Effective after the first two taxable years beginning after December 31, 2012) Favorable vote at election - Procedure.** Except in the case of a school district or park district, upon adoption of the public recreation system proposition at an election by a majority of the votes cast upon the proposition, the governing body of the municipality, by resolution or ordinance, shall provide for the establishment, maintenance, and conduct of a public recreation system, and thereafter levy and collect annually a tax of not more than two and five-tenths mills, or not more than eight and five-tenths mills if authorized as provided by this section, on each dollar of the taxable valuation of all taxable property within the corporate limits or boundaries of the municipality. This tax is in addition to the maximum of taxes permitted to be levied in such municipality. The mill levy authorized by this section may be raised to not more than eight and five-tenths mills when the increase is approved by the citizens of the municipality~~

~~after submission of the question in the same manner as provided in section 40-55-08 for the establishment of the public recreation system. The governing body of the municipality shall continue to levy the tax annually for public recreation purposes until the qualified voters, at a regular or special election, by a majority vote on the proposition, decide to discontinue the levy. The governing body of the municipality may appropriate additional funds for the operation of the public recreation system if in the opinion of the governing body additional funds are needed for the efficient operation thereof. This chapter does not limit the power of any municipality, school district, or park district to appropriate on its own initiative general municipal, school district, or park district tax funds for the operation of a public recreation system, a community center, or character-building facility. A school district may levy a tax annually for the conduct and maintenance of a public recreation system pursuant to subdivision q of subsection 1 of section 57-15-14.2. A park district may levy a tax annually within the general fund levy authority of section 57-15-12 for the conduct and maintenance of a public recreation system.~~

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

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

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

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

2. For purposes of this section:

   a. "Base year" means the taxing district's taxable year with the highest amount levied in dollars in property taxes of the three taxable years immediately preceding the budget year. For a park district general fund, the "amount levied in dollars in property taxes" is the sum of amounts levied in dollars in property taxes for the general fund under section 57-15-12 including any additional levy approved by the electors, the insurance reserve fund under section 32-12.1-08, the employee health care program under section 40-49-12, the public recreation system under section 40-55-09 including any additional levy approved by the electors, forestry purposes under section 57-15-12.1 except any additional levy approved by the electors, pest control under section 4-33-11, and handicapped person programs and activities under section 57-15-60;

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

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

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

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

a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.

b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.

c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district. For purposes of this subdivision, an expired temporary mill levy increase does not include a school district general fund mill rate exceeding one hundred ten mills which has expired or has not received approval of electors for an extension under subsection 2 of section 57-64-03.

d. If the base year is a taxable year before 2013, reduced by the amount of state aid under chapter 15.1-27, which is determined by multiplying the budget year taxable valuation of the school district by the lesser of:

(1) The base year mill rate of the school district minus sixty mills; or

(2) Fifty mills.

4. In addition to any other levy limitation factor under this section, a taxing district may increase its levy in dollars to reflect new or increased mill levies authorized by the legislative assembly or authorized by the electors of the taxing district.

5. Under this section a taxing district may supersede any applicable mill levy limitations otherwise provided by law, or a taxing district may levy up to the mill levy limitations otherwise provided by law without reference to this section, but the provisions of this section do not apply to the following:

a. Any irrepealable tax to pay bonded indebtedness levied pursuant to section 16 of article X of the Constitution of North Dakota.

b. The one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.

6. A school district choosing to determine its levy authority under this section may apply subsection 3 only to the amount in dollars levied for general fund purposes under section 57-15-14 or, if the levy in the base year included separate general fund and special fund levies under sections 57-15-14 and 57-15-14.2, the school district may apply subsection 3 to the total amount levied in dollars in the base year for both the general fund and special fund accounts. School district levies under any section other than section 57-15-14 may be made within applicable limitations but those levies are not subject to subsection 3.

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

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

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

2. For purposes of this section:

   a. "Base year" means the taxing district's taxable year with the highest amount levied in dollars in property taxes of the three taxable years immediately preceding the budget year. For a park district general fund, the "amount levied in dollars in property taxes" is the sum of amounts levied in dollars in property taxes for the general fund under section 57-15-12 including any additional levy approved by the electors, the insurance reserve fund under section 32-12.1-08, the employee health care program under section 40-49-12, the public recreation system under section 40-55-09 including any additional levy approved by the electors, forestry purposes under section 57-15-12.1 except any additional levy approved by the electors, pest control under section 4-33-11, and handicapped person programs and activities under section 57-15-60;

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

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

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

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

   a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.

   b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.

   c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district. For purposes of this subdivision, an expired temporary mill levy increase does not include a school district general fund mill rate exceeding one hundred ten mills which has expired or has not received approval of electors for an extension under subsection 2 of section 57-64-03.

   d. Increased, for a school district determining its levy limitation under this section, by the amount the school district's mill levy reduction grant under section 57-64-02 for the base year exceeds the amount of the school district's mill levy reduction grant under section 57-64-02 for the budget year.

~~e. Reduced for a school district determining its levy limitation under this section, by the amount the school district's mill levy reduction grant under section 57-64-02 for the budget year exceeds the amount of the school district's mill levy reduction grant under section 57-64-02 for the base year.~~

~~4. In addition to any other levy limitation factor under this section, a taxing district may increase its levy in dollars to reflect new or increased mill levies authorized by the legislative assembly or authorized by the electors of the taxing district.~~

~~5. Under this section a taxing district may supersede any applicable mill levy limitations otherwise provided by law, or a taxing district may levy up to the mill levy limitations otherwise provided by law without reference to this section, but the provisions of this section do not apply to the following:~~

~~a. Any irrepealable tax to pay bonded indebtedness levied pursuant to section 16 of article X of the Constitution of North Dakota.~~

~~b. The one mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.~~

~~6. A school district choosing to determine its levy authority under this section may apply subsection 3 only to the amount in dollars levied for general fund purposes under section 57-15-14 or, if the levy in the base year included separate general fund and special fund levies under sections 57-15-14 and 57-15-14.2, the school district may apply subsection 3 to the total amount levied in dollars in the base year for both the general fund and special fund accounts. School district levies under any section other than section 57-15-14 may be made within applicable limitations but those levies are not subject to subsection 3.~~

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

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

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

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

   a. In any school district having a total population in excess of four thousand according to the last federal decennial census there may be levied any specific number of mills that upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.

   b. In any school district having a total population of fewer than four thousand, there may be levied any specific number of mills that upon resolution of the school board has been approved by fifty-five percent of the qualified electors voting upon the question at any regular or special school election.

   c. After June 30, 2009, in any school district election for approval by electors of increased levy authority under subsection 1 or 2, the ballot must specify the number of mills proposed for approval, and the number of taxable years for which that approval is to apply. After June 30, 2009, approval by electors of increased levy authority under subsection 1 or 2 may not be effective for more than ten taxable years.

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

e. For taxable years beginning after 2012:

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

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

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

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

2. a. The question of authorizing or discontinuing such specific number of mills authority in any school district must be submitted to the qualified electors at the next regular election upon resolution of the school board or upon the filing with the school board of a petition containing the signatures of qualified electors of the district equal in number to ten percent of the number of electors who cast votes in the most recent election in the school district. No fewer than twenty-five signatures are required.

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

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

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

~~1. In any school district having a total population in excess of four thousand according to the last federal decennial census there may be levied any specific number of mills that upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.~~

~~2. In any school district having a total population of fewer than four thousand, there may be levied any specific number of mills that upon resolution of the school board has been approved by fifty-five percent of the qualified electors voting upon the question at any regular or special school election.~~

~~3. After June 30, 2009, in any school district election for approval by electors of increased levy authority under subsection 1 or 2, the ballot must specify the number of mills proposed for approval, and the number of taxable years for which that approval is to apply. After June 30, 2009, approval by electors of increased levy authority under subsection 1 or 2 may not be effective for more than ten taxable years.~~

~~4. The authority for a levy of up to a specific number of mills under this section approved by electors of a school district before July 1, 2009, is terminated effective for taxable years after 2015. If the electors of a school district subject to this subsection have not approved a levy for taxable years after 2015 of up to a specific number of mills under this section by December 31, 2015, the school district levy limitation for subsequent years is subject to the limitations under section 57-15-01.1 or this section.~~

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

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

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

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

1. For taxable years after 2013, the board of a school district may levy a tax not exceeding the amount in dollars that the school district levied for the prior year, plus twelve percent, up to a levy of seventy mills on the taxable valuation of the district, for any purpose related to the provision of educational services. The proceeds of this levy must be deposited into the school district's general fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.

2. For taxable years after 2013, the board of a school district may levy no more than twelve mills on the taxable valuation of the district, for miscellaneous purposes and expenses. The proceeds of this levy must be deposited into a special fund known as the miscellaneous fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.

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

4. The board of a school district may levy no more than the number of mills necessary, on the taxable valuation of the district, for the payment of tuition, in accordance with section 15.1-29-15. The proceeds of this levy must be deposited into a special fund known as the

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

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

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

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

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

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

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

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

   ~~b. The teachers' retirement fund as provided in section 15-39.1-28.~~

   ~~c. Tuition for students in grades seven through twelve as provided in section 15.1-29-15.~~

   ~~d. Special education program as provided in section 15.1-32-20.~~

   ~~e. The establishment and maintenance of an insurance reserve fund for insurance purposes as provided in section 32-12.1-08.~~

   ~~f. A final judgment obtained against a school district.~~

   ~~g. The district's share of contribution to the old-age survivors' fund and matching contribution for the social security fund as provided by chapter 52-09 and to provide the district's share of contribution to the old-age survivors' fund and matching contribution for the social security fund for contracted employees of a multidistrict special education board.~~

   ~~h. The rental or leasing of buildings, property, or classroom space. Minimum state standards for health and safety applicable to school building construction shall apply to any rented or leased buildings, property, or classroom space.~~

   ~~i. Unemployment compensation benefits.~~

   ~~j. The removal of asbestos substances from school buildings or the abatement of asbestos substances in school buildings under any method approved by the United States environmental protection agency and any repair, replacement, or remodeling that results from such removal or abatement, any remodeling required to meet specifications set by the Americans with Disabilities Act accessibility guidelines for buildings and facilities as contained in the appendix to 28 CFR 36, any remodeling required to meet requirements set by the state fire marshal during the inspection of a public school, and for providing an alternative education program as provided in section 57-15-17.1.~~

~~k. Participating in cooperative career and technical education programs approved by the state board.~~

~~l. Maintaining a career and technical education program approved by the state board and established only for that school district.~~

~~m. Paying the cost of purchasing, contracting, operating, and maintaining schoolbuses.~~

~~n. Establishing and maintaining school library services.~~

~~o. Equipping schoolbuses with two-way communications and central station equipment and providing for the installation and maintenance of such equipment.~~

~~p. Establishing free public kindergartens in connection with the public schools of the district for the instruction of resident children below school age during the regular school term.~~

~~q. Establishing, maintaining, and conducting a public recreation system.~~

~~r. The district's share of contribution to finance an interdistrict cooperative agreement authorized by section 15.1-09-40.~~

~~2. This limitation does not apply to mill levies pursuant to subdivisions a, c, f, and j of subsection 1. If a school district maintained a levy to finance either its participation in a cooperative career and technical education program or its sponsorship of single-district career and technical education programs prior to July 1, 1983, and the district discontinues its participation in or sponsorship of those career and technical education programs, that district must reduce the proposed aggregated expenditure amount for which its general fund levy is used by the dollar amount raised by its prior levy for the funding of those programs.~~

~~3. All proceeds of any levy established pursuant to this section must be placed in the school district's general fund account and may be expended to achieve the purposes for which the taxes authorized by this section are levied. Proceeds from levies established pursuant to this section and funds provided to school districts pursuant to chapter 15.1-27 may not be transferred to the building fund within the school district.~~

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

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

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

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

   (1) Be deposited, held, or invested in the same manner as the sinking funds of such school district; or ~~in~~

   (2) Be used for the purchase of shares or securities of federal or state-chartered savings and loan associations, within the limits of federal insurance.

   b. ~~The funds~~Moneys in the building fund may only be used for ~~the following purposes~~:

      (1) The construction of school district buildings and facilities;

      (2) The renovation, repair, or expansion of school district buildings and facilities;

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

(4) The leasing of buildings and facilities;

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

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

(7) The payment of principal, premiums, and interest on bonds issued in accordance with subsection 7 of section 21-03-07.

c. The custodian of the funds may pay out the funds only upon order of the school board, signed by the president and the business manager of the school district. The order must recite upon its face the purpose for which payment is made.

2. Any moneys remaining in a ~~school~~ building fund after the completion of ~~the~~ payments for any school building project ~~which~~that has cost seventy-five percent or more of the amount in ~~such~~the building fund at the time of letting the contracts ~~therefor shall~~, must be returned to the general fund of the school district, upon the order of the school board.

3. The ~~governing body of any~~board of a school district may pay into the general fund of the school district any moneys ~~which~~that have remained in the ~~school~~ building fund for ~~a period of~~ ten years or more~~, and such district may include the same as a~~. The board may include this amount as part of its cash on hand in making up its budget for the ensuing year. In determining what amounts have remained in ~~said~~the fund for ten years or more, all payments ~~which~~that have been ~~paid from the school~~made from the building fund for building purposes ~~shall~~must be considered as having been paid from the funds first acquired.

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

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

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

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

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

~~(1) The erection of new school buildings or facilities, or additions to old school buildings or facilities, or the making of major repairs to existing buildings or facilities, or improvements to school land and site. For purposes of this paragraph, facilities may include parking lots, athletic complexes, or any other real property owned by the school district.~~

~~(2) The payment of rentals upon contracts with the state board of public school education.~~

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

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

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

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

~~c. The custodian of the funds may pay out the funds only upon order of the school board, signed by the president and the business manager of the school district. The order must recite upon its face the purpose for which payment is made.~~

~~2. Any moneys remaining in a school building fund after the completion of the payments for any school building project which has cost seventy-five percent or more of the amount in such building fund at the time of letting the contracts therefor shall be returned to the general fund of the school district upon the order of the school board.~~

~~3. The governing body of any school district may pay into the general fund of the school district any moneys which have remained in the school building fund for a period of ten years or more, and such district may include the same as a part of its cash on hand in making up its budget for the ensuing year. In determining what amounts have remained in said fund for ten years or more, all payments which have been paid from the school building fund for building purposes shall be considered as having been paid from the funds first acquired.~~

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

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

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

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

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

~~2.~~ b. Estimated revenues from sources other than direct property taxes~~.~~;

~~3.~~ c. The total estimated collections from tax levies for previous years~~.~~;

~~4.~~ d. ~~Such expenditures as are to~~Expenditures that must be made from bond sources~~.~~;

~~5.~~ e. The amount of distributions received from an economic growth increment pool under section 57-15-61~~.~~; and

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

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

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

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

~~2. Estimated revenues from sources other than direct property taxes.~~

~~3. The total estimated collections from tax levies for previous years.~~

~~4. Such expenditures as are to be made from bond sources.~~

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

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

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

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

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

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

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

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

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

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

1. Moneys in the special reserve fund may be deposited, held, or invested in the same manner as the sinking fund of the district or in the purchase of shares or securities of federal savings and loan associations or state-chartered building and loan associations, within the limits of federal insurance.

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

~~**(Effective after June 30, 2015) Special reserve fund - Separate trust fund.** The special reserve fund is a separate trust fund for the use and benefit of the school district, to be drawn upon as provided in this chapter. Moneys in the fund may be deposited, held, or invested in the same manner as the sinking fund of the district or in the purchase of shares or securities of federal savings and loan associations or state-chartered building and loan associations, within the limits of federal insurance. The school district business manager shall annually, upon a resolution of the school board, transfer to the school district general fund any part or all of the investment income or interest earned by the principal amount of the school district's special reserve fund.~~

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

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

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

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

SECTION 28. SCHOOL DISTRICT REPORTING REVIEW COMMITTEE - STUDY.

1. The superintendent of public instruction shall serve as the chairman of the school district reporting review committee. During the 2015-16 interim, the committee shall review statutory and regulatory reporting requirements imposed upon school districts, with a view toward eliminating reporting requirements that are duplicative or unnecessary and streamlining the reporting process.

2. The school district reporting review committee consists of:

   a. Six individuals, selected by the superintendent of public instruction and representing small, medium, and large school districts, provided each individual must be a school district superintendent or a business manager;

   b. Four staff members from the department of public instruction, who are familiar with state and federal school district reporting requirements;

   c. The chairman of the senate education committee or the chairman's designee;

d. The chairman of the house education committee or the chairman's designee; and

e. One member of the legislative assembly from the minority party, appointed by the chairman of the legislative management.

3. Members of the legislative assembly serving on the committee are entitled to compensation at the rate provided for in accordance with section 54-03-20 and to reimbursement for expenses, as provided by law for state officers, if the members are attending meetings or performing duties required by the appointment.

4. Before July 1, 2016, the superintendent of public instruction shall report the committee's findings and recommendations to the legislative management.

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

1. The study must:

   a. Provide for a review of the content standards applicable to all grade levels in this state, from kindergarten through twelve, in the areas of English language arts and mathematics;

   b. Compare the content standards of this state to those of other states that are recognized as having high academic achievement levels; and

   c. Review the standards development process.

2. The study must:

   a. Review the purpose of general and alternate student assessments;

   b. Examine the availability of existing and proposed assessment models; and

   c. Examine the assessments utilized by other states that are recognized as having high academic achievement levels.

3. The study must review those sections of the Elementary and Secondary Education Act [20 U.S.C. 6301, et seq.] that address standards, assessments, accountability, and local flexibility, and any recent pertinent regulatory changes or policy statements issued by the United States department of education.

4. The legislative council may seek assistance from individuals who are content specialists at the higher education level, individuals who are content and assessment specialists at the elementary or high school level, and other professionals, as necessary, to complete the directives of this section.

5. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly.

SECTION 30. ENGLISH LANGUAGE LEARNER GRANTS.

1. During the 2015-17 biennium, the superintendent of public instruction shall expend up to $1,000,000 from the grants - other grants line item in the appropriation bill for the superintendent of public instruction, as approved by the sixty-fourth legislative assembly, for the purpose of providing grants to the four school districts that serve the largest number of first and second level English language learners in kindergarten through grade twelve.

2. In order to determine the amount that a school district may receive under this section, the superintendent of public instruction shall provide a pro rata share of the available grant dollars

to each eligible district based upon the total number of first and second level English language learners enrolled in the four districts.

3. A district may expend moneys received under this section only for the purpose of enhancing services to first and second level English language learners. Permissible purposes include the hiring of additional teachers, interpreters, and social workers for first and second level English language learners and the provision of other ancillary support services and programs, approved by the superintendent of public instruction.

4. The superintendent of public instruction may not award more than fifty percent of the funds available under this section during the first year of the biennium.

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

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

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

SECTION 34. EXEMPTION - CONTINGENT FUNDING - 2013-15 BIENNIUM - REGIONAL EDUCATION ASSOCIATIONS - REVIEW PROCESS. Notwithstanding section 54-44.1-11, if any moneys remain in the integrated formula payments line item after the superintendent of public instruction complies with all statutory payment obligations imposed for the 2013-15 biennium, the superintendent shall thirdly use $50,000, or so much of that amount as may be necessary, for the purpose of providing a review process for regional education associations, for the biennium beginning with the effective date of this Act and ending June 30, 2017.

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

SECTION 36. LEGISLATIVE MANAGEMENT STUDY - CAREER AND TECHNICAL EDUCATION. During the 2015-16 interim, the legislative management shall consider studying the nature and scope of

career and technical education opportunities available to students in this state, the manner in which such opportunities are financially supported, and the manner in which such opportunities are monitored to ensure that they provide students with twenty-first century technical skills that are aligned to industry standards, in addition to providing appropriate academic foundations. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly.

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

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

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

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

President of the Senate

Speaker of the House

Secretary of the Senate

Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Sixty-fourth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2031 and that two-thirds of the members-elect of the Senate voted in favor of said law.

Vote: Yeas 47 Nays 0 Absent 0

President of the Senate

Secretary of the Senate

This certifies that two-thirds of the members-elect of the House of Representatives voted in favor of said law.

Vote: Yeas 86 Nays 4 Absent 4

Speaker of the House

Chief Clerk of the House

Received by the Governor at 4:18 P.M. on May 4, 2015.

Approved at 3:58 p.M. on May 12, 2015.

Governor

Filed in this office this 13th day of May, 2015,

at 918 o'clock A M.

Secretary of State