

Summary of Laws

Passed by the 62nd Legislative Assembly

Impacting Elementary and Secondary Education



The State of North Dakota
Department of Public Instruction
Dr. Wayne G. Sanstead, State Superintendent
600 E Boulevard Ave Dept 201
Bismarck, North Dakota 58505-0440

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NOTICE OF NON-DISCRIMINATION

ND Department of Public Instruction – September 1, 2003

The Department of Public Instruction does not discriminate on the basis of race, color, national origin, sex, disability, or age in its programs and activities. Robert Marthaller, Assistant Superintendent, 600 E Boulevard Avenue, Dept 201, Bismarck, ND 58505-0440, 701-328-2267, has been designated to handle inquiries regarding non-discrimination policies.

FOREWORD

The 62nd Legislative Assembly has completed its work and the legislators have returned to their homes. Public elementary and secondary education and related issues, as usual, were an important part of the deliberations and actions taken by the lawmakers. My legislative team tracked 104 bills and resolutions that had relevance to education so we were very active in providing information to our legislators.

With this document you will be able to review the legislation that was passed on a variety of educational issues and determine whether there is any resulting impact on your school district operations.

In cases where we have provided a summary of the bill, the information is intended for use in order to specify the changes that were made in the existing law. The full text of any bill or resolution passed by the 2011 legislature can be obtained through the Legislative Council website at <http://www.state.nd.us/lr/>.

Following adjournment of each legislative session, this publication has become a valuable biennial document provided to our school districts. If you have any suggestions for improving its usefulness, please let us know. If you have questions about school related legislation you may call 328-2283.

Dr. Wayne G. Sanstead
State Superintendent

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SUMMARIES OF BILLS AFFECTING ELEMENTARY & SECONDARY EDUCATION

[HB 1029](#)

Subject Matter:

Bill Summary:

(Bill Included)

School Approval

(§15.1-06-06) – Districts, (§15.1-06-06.1) - Nonpublic schools - must submit, time certain, compliance report and Department must verify aspects required for approval; Department must notify districts and nonpublic schools that compliance report is due; must post notice of schools approved or unapproved not later than 30 days after the compliance report is due;

(§15.1-06-06.2) – May delay imposing required sanctions under certain circumstances;

(§15.1-06-06.3) – Department must notify school and school districts of the records that must be maintained to allow Department to verify information on the compliance report and the length of time the records must be kept; Department may examine records and may conduct site visits.

HB 1030

Subject Matter:

Bill Summary:

Gubernatorial Waivers

(§15.1-27.3) - Early closing time accumulated for an additional waiver day.

HB 1036

Subject Matter:

Bill Summary:

Study Developmental Issues Affecting Higher Ed

Mandates a legislative management study.

Students requiring developmental education, reasons, efforts to reduce numbers, alignment of elementary & secondary standards, curriculum, etc. with higher education, best practices to alleviate developmental education at higher education.

[HB 1047](#)

Subject Matter:

Bill Summary:

(Bill Included)

Mill Levy Reduction Grants & Property Tax Levels

(Ch 57-16) - Section 13 of the bill - provides \$341,790,000 in mill levy reduction grants to school districts. The bill provides very prescriptive formula as to eligibility amount of the grant to each district.

HB 1049

Subject Matter:

Bill Summary:

Study Indian Education Issues

Governance, success models, barriers.

HB 1066

Subject Matter:

Bill Summary:

School Construction

(§15.1-36-01) - Raises threshold to \$100,000, stable & increasing enrollment.

(§15.1-36-04) - Construction loan eligibility.
(§18-12-04) – Clarifies conflicting law.

HB 1073

Subject Matter:

Relating to Special Education

Bill Summary:

(§15.1-32-01) – Intellectual disability.
(§15.1-32.12) – IEP team may include medical professionals.
(§15.1-32-13) – Parental consent to utilize family medical insurance.
(§15.1-32-15) – Clarifying language.

HB 1074

Subject Matter:

Boarding Care Costs

Bill Summary:

(§15.1-29-14) – When voluntary placement allows placement either within or outside the student district of residence.
(§15.1-32-19) – Allows reimbursement to district for boarding cares costs for student.

HB 1086

Subject Matter:

Notification – Exception – Student Use of Alcohol

Bill Summary:

(§15.1-19-13) – Notification not required when teacher/administrator receives confidential information as a result of participation in juvenile court program.

HB 1154

Subject Matter:

Eligibility for ND Scholarships

Bill Summary:

(§15.1-21-02.6) – Resident student who graduates from a nonpublic high school in a bordering state while residing with custodial parent in this state is eligible for scholarship.

HB 1194

Subject Matter:

(Bill Included)

Public Hearings Related to Property Tax Increases

Bill Summary:

Restricts growth in property taxes.
(§57-15-02.1) – Requires that a taxing district (including school district) may not impose property tax levy in a greater number than the zero increase number of mills, unless the district complies with requirements in 57-15 and requires public notice as prescribed. Defines new growth, property tax levy, taxing district and zero increase number of mills (number of mills against taxable valuation, excluding new growth, which provides the same amount of property tax revenue as the property tax levy in the prior year).

HB 1211

Subject Matter:

Home Education

Bill Summary:

(§15.1-23-02) – Requires district superintendent, or county superintendent where no district superintendent is employed, to report the number of statements of intent that have been filed at the time and manner as required by Department.

HB 1214

Subject Matter:

Statewide Longitudinal Data System

Bill Summary:

(§15.1-02-18) – Committee membership and duties.

(§15.1-02-18.1) – ITD maintain statewide longitudinal data system among education, workforce and training entities; provision of staff; enter into agreements.

(§15.1-02-18.2) – Mandatory provision of information and confidentiality.

(§23-02.1-27) – Department of Health may grant access to birth & health records to Department of Information Technology.

(§52-01-03) – Job Service may provide information to the technology department for purposes of the statewide longitudinal data system.

HB 1215

Subject Matter:

Lockdown Drills at Schools

Bill Summary:

(§15.1-06-12) – Requires public and nonpublic schools to conduct lockdown drills.

HB 1229

Subject Matter:

Abstinence Based Concepts

Bill Summary:

(§15.1-21) – Districts and nonpublic schools must ensure a portion of the health curriculum related to sexual health includes risks associated with sexual behavior and gains to be realized by abstaining from sexual activity before and outside of marriage.

HB 1273

Subject Matter:

Readiness Testing and Formative Assessments of Kindergarten Students

Bill Summary:

(§15.1-21) – May conduct assessments and may consider up to two days set aside for testing as instructional days.

HB 1305

Subject Matter:

Agriculture in the Classroom

Bill Summary:

(§ 4-37-02) – Superintendent of Public Instruction (or designee) serves as a council member.

(§ 4-37-03) – Purpose to provide and promote agriculture in the classroom; duties of the council.

HB 1326

Subject Matter:

Maintenance of Insurance by School Districts

Bill Summary:

(§15.1-09-59) – Buildings and facilities accurately valued; contents inventoried and accurately valued; districts must demonstrate to the satisfaction of the Department that requirements have been met; districts must annually review terms of insurance policies; Department must verify compliance with the section.

HB 1425

Subject Matter:

State Building Code

Bill Summary:

(§54-21.3-03) - Relates to portable classrooms and inspection as temporary structures; foundation system.

HB 1428

Subject Matter:

Authority to Withhold State Aid

Bill Summary:

(§6-09.4-23) – Develop procedures for districts to notify Department that they have obligated themselves to provisions; procedures to notify the Department of potential defaults and request payment; procedures to expedite payment to prevent defaults.

HB 1436

Subject Matter:

Enrollment in Kindergarten

Bill Summary:

(§15.1-06-01), (§15.1-22-02) - Waives age enrollment requirements if screening instruments demonstrate superior talents or abilities.

SB 2013

Subject Matter:

(Bill Included)

DPI Budget

Bill Summary:

(§15.1-02-02), (§15.1-13-33)

Section 1: Contains the appropriation budget detail, \$1,383,737,769. (General Fund \$927,476,638, and Special Funds, \$456,261,131).

Section 2: One-Time Funding items included in the appropriation. (\$557,800).

Section 3: Education Jobs Fund

Stipulates that this appropriation is one-time funding and the Department may not request funding from the general fund to replace funding for the 2013-15 biennium.

Section 4: Appropriation - STAGEnet Connectivity (\$131,000).

Section 5: Appropriation - Scholarship Programs (\$10,000,000)

Appropriation is from the General Fund to the State Board of Higher Education to provide career and academic scholarships.

Section 6: Appropriation - Special funds derived from federal funds for grants (\$30,000,000).

Section 7: Appropriation – Tuition apportionment (\$101,638,000) included in state school aid line item for distribution to public schools.

Section 8: Provides expenditure authority for grants-state school aid and grants-special education contracts.

Section 9: Grants to Regional Education Associations (\$800,000).

Provides for annual grants to REA, used to fund a full-time or part-time coordinator for a twelve month duration, (30% of the coordinator cost must come from other sources), maximum grant is the lesser of \$50,000 or 70% of the total compensation payable to the coordinator.

Section 10: Contingent Adult Education Learning Grants (\$500,000). Appropriation used to provide adult education learning center grants. May use up to \$250,000 the first year of the biennium only if federal funding available to the state for adult education is less than \$900,000 in federal fiscal year 2012. Funding in the first year is limited to the difference between federal funding available and in 2012 and \$900,000. Any remaining funds may be used for grants in the second year of the biennium.

Section 11: Continuing Education Grants (\$100,000). Provides continuing education grants to teachers pursuing a certificate in career development facilitation or a school counselor credential, maximum of \$1,200.

Section 12: Gifted and Talented Program and Medicaid Matching, funding distribution \$800,000). Appropriation used for reimbursement to districts or special education units for cost associated with gifted and talented programs. State school aid payments for special education reduced by Medicaid funds.

Section 13: Indirect cost allocation. Authorizes indirect cost recoveries to be deposited in the Department operating account.

Section 14: Aid to public libraries (\$1,500,000). Authorizes grants to public libraries.

Section 15: Vision Services – School for the Blind. Authorizes subscription or Braille fees to be deposited in the ND vision services – school for the blind operating fund.

Section 16: School for the Deaf Exemption and Transfer. Authorizes up to \$835,000 from the amount appropriated to the school for the deaf in 2009 Session Laws for the trades building remodeling project and not spent shall be transferred to OMB for the school for the deaf fund.

Section 17: School for the Deaf Higher Education Interpreter Grant. Provides grants to State Board of Higher Education institutions to assist with the costs of interpreters and real-time captioning for deaf/hard-of-hearing students.

Section 18: Transportation Grants Distribution.

Section 19: Contingent Money.

Prescribes the determination of contingent money for state aid and special education grants and authorizes distribution to school districts as additional student payments.

Section 20: National Board Certification Fund.

Requires the transfer of any balance remaining in the national board certification fund at the end of 2011-13 biennium to the general fund. (See Section 23).

Section 21: School for the Deaf Appropriation Bill.

Requires the Governor to include the funding bill for the school for the deaf in a separate bill draft for the 2013-15 biennium. The School for the Deaf remains under the control of the DPI.

Section 22: Sets the salary of the State Superintendent of Public Instruction §15.1-02-02 – sets the annual salary for each year of the biennium.

Section 23: Repealer

Repeals §15.1-13-33 – National Board Certification Fund

Section 24: Emergency

Sections 6, 18, 19 and Education Jobs Fund are declared to be an emergency measure.

SB 2023

Subject Matter:

Deficiency Bill

Bill Summary:

Transfer of funds.

SB 2026

Subject Matter:

Bidding Threshold for Public Improvement Construction & Architects

Bill Summary:

(§ 48-01.2) – Bidding threshold remains at \$100,000; includes some “clean-up language”.

SB 2027

Subject Matter:

Specifying Material Used in a Public Improvement – Bids & Contracts

Bill Summary:

(§48-01.2-03) – Provides an exception (ND Preference 44-08-01) allowing specific bids.

SB 2150

Subject Matter:

(Bill Included)

Commission on Education Improvement

Bill Summary:

Section 1: (§ 6-09-45) - Provides for a transfer of funds from Bank of ND for special education excess cost payments should appropriation be insufficient.

Section 2: (§15.1-07-33) –State aid goes directly to ITD for district cost to acquire, implement, and utilize Power School; appropriation exceeding the cost returned and redistributed as per student payments; Superintendent may exempt BIE, if school can demonstrate their information system is comparable.

Section 3: (§15.1-09.1-02) – Removes language that identified the types of administrative functions and student services required to be offered by REAs; allows a designee of the Board to participate as a member of the governing board.

Section 4: (§15.1-09.1) – Creates a new section that identifies the services required to be offered by REAs including coordination and facilitation of professional development activities, supplementation of technology support services, assistance with school improvement activities, assistance with collection, analysis, and interpretation of student achievement data, and assistance with expansion and enrichment of curricular offerings.

Section 5: (§15.1-18.2) – Limits the professional development advisory committee to no more than three meetings each year of the biennium.

Section 6: (§15.1-18.2) – Requires ESPB to establish a teacher support program, authorizes a coordinator, train teachers to serve as mentors to first year or non-first year teachers.

Section 7: §15.1-18.2 – ESPB may use funding received for teacher support program for staff compensation, training, evaluation, stipends for mentors and administrative expenses (not more than 5%).

Section 8: §15.1-18.2 – ESPB may provide teacher support program services to teachers employed by districts, special education units, REAs, career and technology centers, school funded by BIE.

Section 9: (§15.1-21-02.1) – Removes duplicative language regarding diploma requirements, establishes 22 units as the requirement for the diploma and clarifies that districts/schools may require additional units.

Section 10: (§15.1-21) – Specifies the 22 units of credit necessary for high school graduation.

Section 11: (§15.1-21-02.4) – Specifies eligibility for ND CTE scholarship including all courses required for graduation, two units in a coordinated plan of study, of the five additional units required for graduation two must be in CTE, must have GPA of at least 3.0 on 4.0 scale on all units enrolled, GPA of 3.0 on 4.0 scale on all units required

for graduation, a grade of at least “C” in all units enrolled, ACT of at least 24, score of at least 5 on each of three WorkKeys assessments.

Section 12: §15.1-21-02.5 – Specifies eligibility for ND Academic scholarship including all courses required for graduation, of the five additional units required for graduation one must be in the area of fine arts or CTE, must have GPA of at least 3.0 on 4.0 scale on all units enrolled, GPA of 3.0 on 4.0 scale on all units required for graduation, a grade of at least “C” in all units enrolled, ACT of at least 24, fulfill any one of the graduation requirements with an advanced placement course or a dual-credit course.

Section 13: Scholarship amount and applicability.

(§15.1-21.02.6) - For students on quarter system, \$500 per quarter and 2.75 GPA, failure to meet GPA requires notification to student by SBHed within ten days, student not required to be enrolled in successive quarters. Full-time student is defined as being enrolled in 12 semester credits during first two semesters and 15 semester credits thereafter and equivalent credits for those on quarter system.

Section 14: Scholarship eligibility and one-time exception.

(§15.1-21) – Provides a one-time exception if student falls below 2.75 GPA and student eligible for scholarship next semester, scholarship is lost and no longer available if below 2.75 for a second time, exception is applicable only one time.

Section 15: Administration of state test.

(§15.1-21-08) – Removes obsolete language relative to testing at grade levels.

Section 16: Educational and career planning.

(§15.1-21-18) – Once during grade 7 or 8 students must participate in an individual consultative process or a nine-week course, students must be notified of entitlement to receive consultative review once during each high school grade.

Section 17: Summative assessment, selection, cost and reporting.

(§15.1-21-19) – Requires the writing test as part of the ACT required testing, the Department is responsible for the cost of procuring and administering the test. Districts are required to report and the Department is required to collect from each district superintendent or administrator of a nonpublic school the number of 11th grade students who took the ACT/Writing test, took the three WorkKeys assessments, were exempted from the test and the reason for the exemption.

Section 18: Kindergarten required.

(§15.1-22-01) – The Board of a district shall provide at least a half-day kindergarten or pay tuition to attend another district for any student enrolled in a kindergarten program.

Section 19: Public kindergarten requirements.

(§15.1-22-02) – Includes an additional requirement that a district operating a kindergarten provide for a kindergarten calendar equal to at least 50% of the full-time instructional days required calendar (15.1-06-04)

Section 20: Determination of cost of education.

(§15.1-27-03.1) - May not use the cost of expenditures required to operate an early childhood education

Sections 21, 22, 23: Determination of weighted average daily membership.

(§15.1-27-03.1) – Deletes weighted ADM language effective through June 30, 2011 and reestablishes ADM weighting factors for the 2011-13 biennium.

Section 24: Sets the per student payment rate.

(§15.1-27-04) - \$3,910 for the first year of the biennium and \$3,980 for the second year

Section 25: Baseline funding determination and minimum and maximum allowable increases.

(§15.1-27-07.2) – Establishes the formula to determine baseline funding per weighted student unit, and establishes minimum and maximum amounts paid to a district per weighted student unit.

Section 26: Equity payments.

(§15.1-27-11) – Establishes that in determining statewide average imputed taxable valuation (ITV) per student, the Department may not include any district with ITV that is three times greater than the statewide average, and may not include any district with ITV that is less than one-fifth of the statewide average.

Section 27: Weather, emergencies and closure of schools (This section is very similar to HB 1030).

(§15.1-27-23) – School districts must make every effort to provide the number of full instructional days required (15.1-06-04), may request waiver by the Governor, and also provides that a school that closes for a partial day may add the missed hours together to determine additional full days that may be waived.

Section 28: Payments to school districts relative to the unobligated general fund balance.

(§15.1-27-35.3) – To determine payments to school districts, Department must subtract the amount by which the unobligated general fund balance is in excess of 45% of district actual expenditures, plus \$20,000. Education Jobs Fund revenue may not be counted as part of the unobligated general fund balance.

SB 2226

Subject Matter:

Relating to Compulsory Attendance at School

Bill Summary:

(§15.1-20-02.1) – To be considered in attendance, prescribes that a student may not be absent without excuse for certain periods of time and board must adopt policy that defines excused absence as any absence that is supported by evidence.

(§15.1-2-03) – Provides compulsory attendance law enforcement and penalty.

(§15.1-20-03.1) – Each district and nonpublic school must submit school data regarding attendance and application of the law in a time and manner directed by Department.

(§15.1-20-03.2) – Requires the Department to disseminate information regarding truancy prevention, intervention programs and research pertaining to best practices in truancy prevention.

SB 2281

Subject Matter:

Concussion Management Program

Bill Summary:

(§15.1-18.2) – Requires school districts and nonpublic schools to implement concussion management program for any athletic activity; establishes requirements.

**Sixty-second Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 4, 2011**

HOUSE BILL NO. 1029
(Legislative Management)
(Education Committee)

AN ACT to create and enact sections 15.1-06-06.1, 15.1-06-06.2, and 15.1-06-06.3 of the North Dakota Century Code, relating to school approval; to amend and reenact sections 15.1-02-11, 15.1-06-06, 15.1-13-18, 15.1-13-19, and 15.1-13-25 of the North Dakota Century Code, relating to school approval; to repeal sections 15.1-27-08 and 15.1-27-09 of the North Dakota Century Code, relating to payment reductions for unaccredited schools; to provide an effective date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

15.1-02-11. Superintendent of public instruction - Accreditation of schools - Rules.

The superintendent of public instruction may adopt rules governing the accreditation of public and nonpublic schools. Any rule adopted under this section must incorporate measures of student achievement and bear a direct relationship to improving student achievement.

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

15.1-06-06. Approval of public and nonpublic schools.

~~Each public and nonpublic school in this state offering elementary or secondary education to students must be approved by the superintendent of public instruction. Except as otherwise provided by law, the superintendent may not approve a school unless:~~

- ~~1. In order to obtain certification that a public school is approved, the superintendent of the district in which the school is located shall submit to the superintendent of public instruction a compliance report verifying that:~~
 - ~~a. Each classroom teacher is licensed to teach by the education standards and practices board or approved to teach by the education standards and practices board;~~
 - ~~b. Each classroom teacher is teaching only in those course areas or fields for which the teacher is licensed or for which the teacher has received an exception under section 15.1-09-57;~~
 - ~~3. The students are offered all subjects required by law;~~
 - ~~4. The school is in compliance with all local and state health, fire, and safety laws; and~~
 - ~~5. The school has conducted all criminal history record checks required by section 12-60-24.~~
 - c. The school meets all curricular requirements set forth in chapter 15.1-21;
 - d. The school participates in and meets the requirements of a review process that is:
 - (1) Designed to improve student achievement through a continuous cycle of improvement; and

- (2) Approved by the superintendent of public instruction;
 - e. The school has been inspected by the state fire marshal or the state fire marshal's designee in accordance with section 15.1-06-09 and:
 - (1) Has no unremedied deficiency; or
 - (2) Has deficiencies that have been addressed in a plan of correction which was submitted to and approved by the state fire marshal or the state fire marshal's designee; and
 - f. All individuals hired after June 30, 2011, and having unsupervised contact with students at the school, have:
 - (1) Undergone a criminal history background check requested by the employing school district; or
 - (2) Undergone a criminal history background check in order to be licensed by the education standards and practices board or by any other state licensing board.
2. The compliance report required by subsection 1 must:
- a. Be signed by the school principal and the superintendent of the school district;
 - b. Be formally approved by the board of the school district; and
 - c. Be filed with the superintendent of public instruction before five p.m. on the:
 - (1) First day of October; or
 - (2) The date of the extension provided under subsection 6.
3. On the tenth day of September and on the twenty-fifth day of September, the superintendent of public instruction shall provide to each school principal, school district superintendent, and school board member, electronic notification that the compliance report is due on the first day of October.
4. If a school's compliance report is not submitted at the time and in the manner required by subsection 2, the superintendent of public instruction shall designate the school as unapproved. No later than thirty days after the date on which a school's compliance report is due, in accordance with subsection 2, the superintendent of public instruction shall post a notice on the department's website, indicating whether a school is approved or unapproved.
5. If a public school does not meet the approval requirements of this section, the superintendent of public instruction shall:
- a. Notify the parents of students enrolled in the school, either directly or through the local media outlets, that the school is unapproved; and
 - b. Subtract from any state aid otherwise payable to the school district the prorated amount attributable to the students in attendance at the unapproved school for each day that the school's compliance report is not on file with the superintendent of public instruction.
6. If because of unforeseen or other extenuating circumstances a school district superintendent is unable to file a school's compliance report with the superintendent of public instruction before five p.m. on October first, the school district superintendent may request one extension from the superintendent of public instruction. The superintendent of public instruction shall grant the extension provided the request was received before five p.m. on October first. An extension under this section terminates at five p.m. on October fifteenth.

7. Upon receipt of a school's compliance report, as required by this section, the superintendent of public instruction shall certify the school as being approved. A certification of approval under this subsection expires at the conclusion of the regular school calendar.
8. If after being certified as approved a school experiences circumstances or events that would render the information contained in its compliance report inaccurate, the superintendent of the school district in which the school is located shall notify the superintendent of public instruction and work with the superintendent of public instruction to address the circumstances or events at the earliest possible time.
9. If a school district does not employ a superintendent, the duties required of a school district superintendent by this section must be performed as provided for in chapter 15.1-11.

SECTION 3. Section 15.1-06-06.1 of the North Dakota Century Code is created and enacted as follows:

15.1-06-06.1. Approval of nonpublic schools.

1. In order to obtain certification that a nonpublic school is approved, the administrator of a nonpublic school shall submit to the superintendent of public instruction a compliance report verifying that:
 - a. Each classroom teacher is licensed to teach by the education standards and practices board or approved to teach by the education standards and practices board;
 - b. Each classroom teacher is teaching only in those course areas or fields for which the teacher is licensed or for which the teacher has received an exception under section 15.1-09-57;
 - c. The school meets all curricular requirements set forth in chapter 15.1-21;
 - d. The school has been inspected by the state fire marshal or the state fire marshal's designee in accordance with section 15.1-06-10 and:
 - (1) Has no unremedied deficiency; or
 - (2) Has deficiencies that have been addressed in a plan of correction which was submitted to and approved by the state fire marshal or the state fire marshal's designee; and
 - e. All individuals hired after June 30, 2011, and having unsupervised contact with students at the school, have:
 - (1) Undergone a criminal history background check requested on behalf of the employing school; or
 - (2) Undergone a criminal history background check in order to be licensed by the education standards and practices board or by any other state licensing board.
2. The compliance report required by subsection 1 must:
 - a. Be signed by the school administrator;
 - b. Be formally approved by the governing board of the school; and
 - c. Be filed with the superintendent of public instruction before five p.m. on:
 - (1) The first day of October; or
 - (2) The date of the extension provided under subsection 5.

3. On the tenth day of September and on the twenty-fifth day of September, the superintendent of public instruction shall provide to each school administrator and member of the governing board, electronic notification that the compliance report is due on the first day of October.
4. If a nonpublic school's compliance report is not submitted at the time and in the manner required by subsection 2, the superintendent of public instruction shall designate the school as unapproved. No later than thirty days after the date on which a school's compliance report is due, in accordance with subsection 2, the superintendent of public instruction shall post a notice on the department's website, indicating whether a nonpublic school is approved or unapproved.
5. If a nonpublic school does not meet the approval requirements of this section, the superintendent of public instruction shall notify the parents of students enrolled in the school, either directly or through the local media outlets, that the school is unapproved and that the parents may be in violation of the state's compulsory attendance provisions.
6. If because of unforeseen or other extenuating circumstances the administrator of a nonpublic school is unable to file the school's compliance report with the superintendent of public instruction before five p.m. on October first, the school administrator may request one extension from the superintendent of public instruction. The superintendent of public instruction shall grant the extension provided the request was received before five p.m. on October first. An extension under this section terminates at five p.m. on October fifteenth.
7. Upon receipt of a nonpublic school's compliance report, as required by this section, the superintendent of public instruction shall certify the school as being approved. A certification of approval under this subsection expires at the conclusion of the regular school calendar.
8. If after being certified as approved a nonpublic school experiences circumstances or events that would render the information contained in its compliance report inaccurate, the administrator of the nonpublic school shall notify the superintendent of public instruction and work with the superintendent of public instruction to address the circumstances or events at the earliest possible time.

SECTION 4. Section 15.1-06-06.2 of the North Dakota Century Code is created and enacted as follows:

15.1-06-06.2. Compliance report - Impossibility of timely submission.

The superintendent of public instruction may delay imposing the sanctions set forth in section 15.1-06-06 in the case of a public school and may delay imposing the sanctions set forth in section 15.1-06-06.1 in the case of a nonpublic school, until a time certain, if:

1. The required submission of a school's compliance report is an impossibility due to:
 - a. A natural disaster or act of God, including fire, earthquake, or tornado;
 - b. An unauthorized or illegal act by a third party, including terrorism, sabotage, riot, or vandalism;
 - c. Death;
 - d. A medical or personal emergency;
 - e. Operational interruption, including electrical failure, and computer hardware or software failures; or
 - f. Governmental action, including an emergency order or judicial or law enforcement action;
and

2. The superintendent of public instruction determines that the report, had it been submitted, would have demonstrated compliance with the approval requirements of section 15.1-06-06 in the case of a public school and compliance with the approval requirements of section 15.1-06-06.1 in the case of a nonpublic school.

SECTION 5. Section 15.1-06-06.3 of the North Dakota Century Code is created and enacted as follows:

15.1-06-06.3. Required records - Verification of information - Site visits.

1. The superintendent of public instruction shall notify each school and school district of the records that must be maintained in order to allow the superintendent of public instruction to verify the information contained in each compliance report. The superintendent of public instruction shall establish the length of time that the records must be maintained.
2.
 - a. The superintendent of public instruction may examine the records of any public school at any time and may conduct site visits to ensure the accuracy of information provided on the compliance report. The site visits may be scheduled or unscheduled.
 - b. The superintendent of public instruction may examine the records of any nonpublic school upon request.

SECTION 6. AMENDMENT. Section 15.1-13-18 of the North Dakota Century Code is amended and reenacted as follows:

15.1-13-18. Teaching license - Presentation to business manager.

1. Before being employed to teach by a school district, an individual shall present to the school district business manager a teaching license or other evidence of approval to teach issued by the board.
2. Before being employed to teach by a nonpublic school, an individual shall present to the school business manager a teaching license or other evidence of approval to teach issued by the board.

SECTION 7. AMENDMENT. Section 15.1-13-19 of the North Dakota Century Code is amended and reenacted as follows:

15.1-13-19. Teaching license - Expiration.

Notwithstanding any other law, an individual whose if an individual's teaching license expires within the final six weeks of a school year may continue teaching under the expired licensedistrict's or nonpublic school's calendar, that individual's license is deemed to be extended and in effect until the completion of the school yeardistrict's or nonpublic school's calendar.

SECTION 8. AMENDMENT. Section 15.1-13-25 of the North Dakota Century Code is amended and reenacted as follows:

15.1-13-25. Teaching license - Action by board - Causes.

1. After holding a public hearing in accordance with chapter 28-32, the board may issue a written warning or reprimand to the individual, suspend the individual's teaching license, or revoke the individual's teaching license if:
 - a. The individual obtained a license by means of fraud, misrepresentation, or concealment of facts.

- b. The board becomes aware of any fact or circumstance that would have caused the board to deny licensure had the board known of the fact or circumstance at the time of initial licensure.
 - c. The individual is incompetent, immoral, intemperate, or cruel.
 - d. The individual has been convicted of, has pled guilty to, or has pled nolo contendere to an offense deemed by the board to have a direct bearing upon an individual's ability to serve as a teacher or an administrator.
 - e. The board believes that the individual, having been convicted of an offense, has not been sufficiently rehabilitated under section 12.1-33-02.1.
 - f. The individual has refused to perform the duties of a teacher or an administrator.
 - g. The individual has breached a contract with a school district or nonpublic school.
 - h. The individual knowingly taught in violation of chapter 15.1-18.
 - i. The individual is an administrator in a school district administrator or a nonpublic school and knowingly permitted another individual to teach in violation of chapter 15.1-18.
 - j. The individual has violated this chapter or any rule adopted by the board.
2. Any action of the board taken under this section may be appealed to the district court of Burleigh County in accordance with chapter 28-32.

SECTION 9. REPEAL. Sections 15.1-27-08 and 15.1-27-09 of the North Dakota Century Code are repealed.

SECTION 10. EFFECTIVE DATE. This Act becomes effective on July 1, 2011.

SECTION 11. EMERGENCY. This Act is declared to be an emergency measure.

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-second Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1029 and that two-thirds of the members-elect of the House of Representatives voted in favor of said law.

Vote: Yeas 93 Nays 0 Absent 1

Speaker of the House

Chief Clerk of the House

This certifies 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

Received by the Governor at _____ M. on _____, 2011.

Approved at _____ M. on _____, 2011.

Governor

Filed in this office this _____ day of _____, 2011,

at _____ o'clock _____ M.

Secretary of State

**Sixty-second Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 4, 2011**

HOUSE BILL NO. 1047
(Legislative Management)
(Taxation Committee)

AN ACT to amend and reenact sections 57-15-01.1, 57-35.3-03, 57-35.3-05, 57-35.3-07, 57-35.3-08, and 57-38-30, subsection 1 of section 57-38-30.3, and sections 57-64-01, 57-64-02, 57-64-03, and 57-64-04 of the North Dakota Century Code and section 13 of chapter 520 of the 2007 Session Laws, relating to reduction of the rate of the financial institutions tax and adjustment of the allocation of the tax, a reduction in income tax rates for corporations, individuals, estates, and trusts, and allocation of state funding to school districts for mill levy reduction grants and property tax levies of school districts; to repeal chapter 57-16 of the North Dakota Century Code, relating to certain excess levies of school districts; to provide an appropriation; to provide for a transfer; to provide for legislative management studies; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 57-15-01.1 of the North Dakota Century Code is amended and reenacted as follows:

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

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

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

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

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

SECTION 2. AMENDMENT. Section 57-35.3-03 of the North Dakota Century Code is amended and reenacted as follows:

57-35.3-03. Imposition and basis of tax.

An annual tax is imposed upon each financial institution for the grant to it of the privilege of transacting, or for the actual transacting by it, of business within this state during any part of each tax year. The tax is based upon and measured by the taxable income of the financial institution for the calendar year. The rate of tax is ~~sevensix and one-half~~ four and six-tenths percent of taxable income, but the amount of tax may not be less than fifty dollars.

SECTION 3. AMENDMENT. Section 57-35.3-05 of the North Dakota Century Code is amended and reenacted as follows:

57-35.3-05. Credits.

1. a. There is allowed a credit against the tax imposed by sections 57-35.3-01 through 57-35.3-12 in an amount equal to fifty percent of the aggregate amount of charitable contributions made by the taxpayer during the taxable year to nonprofit private institutions of higher education located within the state or to the North Dakota independent college fund. The amount allowable as a credit under this subdivision for any taxable year may not exceed ~~five and seven-tenths~~ four and six-tenths percent of the tax before credits allowed under this section, or two thousand five hundred dollars, whichever is less.
 - b. There is allowed a credit against the tax imposed by sections 57-35.3-01 through 57-35.3-12 in an amount equal to fifty percent of the aggregate amount of charitable contributions made by the taxpayer during the taxable year to nonprofit private institutions of secondary education located within the state. The amount allowable as a credit under this subdivision for any taxable year may not exceed ~~five and seven-tenths~~ four and six-tenths percent of the tax before credits allowed under this section, or two thousand five hundred dollars, whichever is less.
 - c. For the purposes of this subsection, the term "nonprofit private institution of higher education" means only a nonprofit private educational institution located in North Dakota which normally maintains a regular faculty and curriculum and which normally has a regularly organized body of students in attendance at the place where its educational activities are carried on, and which regularly offers education at a level above the twelfth grade. The term "nonprofit private institution of secondary education" means only a nonprofit private educational institution located in North Dakota which normally maintains a regular faculty and curriculum approved by the department of public instruction and which normally has a regularly organized body of students in attendance at the place where its educational activities are carried on, and which regularly offers education to students in the ninth through twelfth grades.
 - d. For the purposes of this subsection, a taxpayer may elect to treat a contribution as made in the preceding taxable year if the contribution and election are made not later than the time prescribed for filing the return for the taxable year.
2. a. There is allowed a credit against the tax imposed by sections 57-35.3-01 through 57-35.3-12 in an amount equal to any overpayment of tax paid pursuant to chapter 57-35 or 57-35.1, for a taxable year beginning before January 1, 1997, to the extent that the overpayment would have been an allowable deduction from tax payable for the current taxable year, under section 57-35-12 or 57-35.1-07, if chapters 57-35 and 57-35.1

applied to the current taxable year. The amount allowable as a credit under this subsection for any taxable year may not exceed five-sevenths of the tax before credits allowed under this section.

- b. For purposes of determining distributions to and from the counties under section 57-35.3-09:
 - (1) The balance in the financial institution tax distribution fund and the amount of the payment received by each county from the state shall be determined as if any credit allowed under subdivision a had not been claimed and the full amount of the tax otherwise due had been timely paid;
 - (2) The credited amount must be deducted from the distributions that would otherwise be made to and from the county that received the tax overpayment until the sum of the deductions equals the credit; and
 - (3) The deductions from distributions made by a county to each distributee must be proportionate to the overpayment of tax received by each distributee.
3. There is allowed a credit against the tax imposed by sections 57-35.3-01 through 57-35.3-12 in an amount equal to fifty percent of the aggregate amount of contributions made by the taxpayer during the taxable year for tuition scholarships for participation in rural leadership North Dakota conducted through the North Dakota state university extension service. Contributions by a taxpayer may be earmarked for use by a designated recipient. The amount allowable as a credit under this subsection for any taxable year may not exceed ~~five and seven-tenths~~ four and six-tenths percent of the tax before credits allowed under this section, or two thousand five hundred dollars, whichever is less.

SECTION 4. AMENDMENT. Section 57-35.3-07 of the North Dakota Century Code is amended and reenacted as follows:

57-35.3-07. Payment of tax.

~~Two-sevenths~~ Three-thirteenths of the tax before credits allowed under section 57-35.3-05, less the credit allowed under subsection 1 of section 57-35.3-05, must be paid to the commissioner on or before April fifteenth of the year in which the return is due, regardless of any extension of the time for filing the return granted under section 57-35.3-06. ~~Five-sevenths~~ Ten-thirteenths of the tax before credits allowed under section 57-35.3-05, less the credit allowed under subsection 2 of section 57-35.3-05, must be paid to the commissioner on or before January fifteenth of the year after the return is due. Payment must be made by check, draft, or money order, payable to the commissioner, or as prescribed by the commissioner under subsection 15 of section 57-01-02.

SECTION 5. AMENDMENT. Section 57-35.3-08 of the North Dakota Century Code is amended and reenacted as follows:

57-35.3-08. Disposition of tax.

The commissioner shall deposit the portion of the tax payable in the year the return is due in the general fund of the state treasury and shall deposit the portion of the tax payable in the year after the return is due in the financial institution tax distribution fund of the state treasury, ~~which is hereby created~~. Interest, penalty, and late tax payments attributable to each portion of the tax must be deposited in the appropriate fund.

SECTION 6. AMENDMENT. Section 57-38-30 of the North Dakota Century Code is amended and reenacted as follows:

57-38-30. Imposition and rate of tax on corporations.

A tax is hereby imposed upon the taxable income of every domestic and foreign corporation which must be levied, collected, and paid annually as in this chapter provided:

1. a. For the first twenty-five thousand dollars of taxable income, at the rate of ~~two~~one and ~~one-tenth~~sixty-eight hundredths percent.
 - b. On all taxable income exceeding twenty-five thousand dollars and not exceeding fifty thousand dollars, at the rate of ~~five~~four and ~~twenty-five~~twenty-three hundredths percent.
 - c. On all taxable income exceeding fifty thousand dollars, at the rate of ~~six~~five and ~~four-tenths~~fifteen hundredths percent.
2. A corporation that has paid North Dakota alternative minimum tax in years beginning before January 1, 1991, may carry over any alternative minimum tax credit remaining to the extent of the regular income tax liability of the corporation for a period not to exceed four taxable years.

SECTION 7. AMENDMENT. Subsection 1 of section 57-38-30.3 of the North Dakota Century Code is amended and reenacted as follows:

1. A tax is hereby imposed for each taxable year upon income earned or received in that taxable year by every resident and nonresident individual, estate, and trust. A taxpayer computing the tax under this section is only eligible for those adjustments or credits that are specifically provided for in this section. Provided, that for purposes of this section, any person required to file a state income tax return under this chapter, but who has not computed a federal taxable income figure, shall compute a federal taxable income figure using a pro forma return in order to determine a federal taxable income figure to be used as a starting point in computing state income tax under this section. The tax for individuals is equal to North Dakota taxable income multiplied by the rates in the applicable rate schedule in subdivisions a through d corresponding to an individual's filing status used for federal income tax purposes. For an estate or trust, the schedule in subdivision e must be used for purposes of this subsection.

- a. Single, other than head of household or surviving spouse.

If North Dakota taxable income is:
 Not over ~~\$33,950~~\$34,500
 Over ~~\$33,950~~\$34,500
 but not over ~~\$82,250~~\$83,600
 Over ~~\$82,250~~\$83,600
 but not over ~~\$171,550~~\$174,400
 Over ~~\$171,550~~\$174,400
 but not over ~~\$372,950~~\$379,150
 Over ~~\$372,950~~\$379,150

The tax is equal to:
~~1.84%~~1.51%
~~\$624.68~~\$520.95 plus ~~3.44%~~2.82%
 of amount over ~~\$33,950~~\$34,500
~~\$2,286.20~~\$1,905.57 plus ~~3.81%~~3.13%
 of amount over ~~\$82,250~~\$83,600
~~\$5,688.53~~\$4,747.61 plus ~~4.42%~~3.63%
 of amount over ~~\$171,550~~\$174,400
~~\$14,590.41~~\$12,180.04 plus ~~4.86%~~3.99%
 of amount over ~~\$372,950~~\$379,150

- b. Married filing jointly and surviving spouse.

If North Dakota taxable income is:
 Not over ~~\$56,750~~\$57,700
 Over ~~\$56,750~~\$57,700
 but not over ~~\$137,050~~\$139,350
 Over ~~\$137,050~~\$139,350
 but not over ~~\$208,850~~\$212,300
 Over ~~\$208,850~~\$212,300
 but not over ~~\$372,950~~\$379,150
 Over ~~\$372,950~~\$379,150

The tax is equal to:
~~1.84%~~1.51%
~~\$1,044.20~~\$871.27 plus ~~3.44%~~2.82%
 of amount over ~~\$56,750~~\$57,700
~~\$3,806.52~~\$3,173.80 plus ~~3.81%~~3.13%
 of amount over ~~\$137,050~~\$139,350
~~\$6,542.10~~\$5,457.14 plus ~~4.42%~~3.63%
 of amount over ~~\$208,850~~\$212,300
~~\$13,795.32~~\$11,513.79 plus ~~4.86%~~3.99%
 of amount over ~~\$372,950~~\$379,150

c. Married filing separately.

If North Dakota taxable income is: Not over \$28,375 <u>\$28,850</u> Over \$28,375 <u>\$28,850</u> but not over \$68,525 <u>\$69,675</u> Over \$68,525 <u>\$69,675</u> but not over \$104,425 <u>\$106,150</u> Over \$104,425 <u>\$106,150</u> but not over \$186,475 <u>\$189,575</u> Over \$186,475 <u>\$189,575</u>	The tax is equal to: 1.84% <u>1.51%</u> \$522.10 <u>\$435.64</u> plus 3.44% <u>2.82%</u> of amount over \$28,375 <u>\$28,850</u> \$1,903.26 <u>\$1,586.90</u> plus 3.81% <u>3.13%</u> of amount over \$68,525 <u>\$69,675</u> \$3,271.05 <u>\$2,728.57</u> plus 4.42% <u>3.63%</u> of amount over \$104,425 <u>\$106,150</u> \$6,897.66 <u>\$5,756.90</u> plus 4.86% <u>3.99%</u> of amount over \$186,475 <u>\$189,575</u>
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d. Head of household.

If North Dakota taxable income is: Not over \$45,500 <u>\$46,250</u> Over \$45,500 <u>\$46,250</u> but not over \$117,450 <u>\$119,400</u> Over \$117,450 <u>\$119,400</u> but not over \$190,200 <u>\$193,350</u> Over \$190,200 <u>\$193,350</u> but not over \$372,950 <u>\$379,150</u> Over \$372,950 <u>\$379,150</u>	The tax is equal to: 1.84% <u>1.51%</u> \$837.20 <u>\$698.38</u> plus 3.44% <u>2.82%</u> of amount over \$45,500 <u>\$46,250</u> \$3,312.28 <u>\$2,761.21</u> plus 3.81% <u>3.13%</u> of amount over \$117,450 <u>\$119,400</u> \$6,084.06 <u>\$5,075.84</u> plus 4.42% <u>3.63%</u> of amount over \$190,200 <u>\$193,350</u> \$14,161.61 <u>\$11,820.38</u> plus 4.86% <u>3.99%</u> of amount over \$372,950 <u>\$379,150</u>
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e. Estates and trusts.

If North Dakota taxable income is: Not over \$2,300 Over \$2,300 but not over \$5,350 <u>\$5,450</u> Over \$5,350 <u>\$5,450</u> but not over \$8,200 <u>\$8,300</u> Over \$8,200 <u>\$8,300</u> but not over \$11,150 <u>\$11,350</u> Over \$11,150 <u>\$11,350</u>	The tax is equal to: 1.84% <u>1.51%</u> \$42.32 <u>\$34.73</u> plus 3.44% <u>2.82%</u> of amount over \$2,300 \$147.24 <u>\$123.56</u> plus 3.81% <u>3.13%</u> of amount over \$5,350 <u>\$5,450</u> \$255.83 <u>\$212.77</u> plus 4.42% <u>3.63%</u> of amount over \$8,200 <u>\$8,300</u> \$386.22 <u>\$323.48</u> plus 4.86% <u>3.99%</u> of amount over \$11,150 <u>\$11,350</u>
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f. For an individual who is not a resident of this state for the entire year, or for a nonresident estate or trust, the tax is equal to the tax otherwise computed under this subsection multiplied by a fraction in which:

- (1) The numerator is the federal adjusted gross income allocable and apportionable to this state; and
- (2) The denominator is the federal adjusted gross income from all sources reduced by the net income from the amounts specified in subdivisions a and b of subsection 2.

In the case of married individuals filing a joint return, if one spouse is a resident of this state for the entire year and the other spouse is a nonresident for part or all of the tax year, the tax on the joint return must be computed under this subdivision.

g. ~~For taxable years beginning after December 31, 2009, the~~The tax commissioner shall prescribe new rate schedules that apply in lieu of the schedules set forth in subdivisions a through e. The new schedules must be determined by increasing the minimum and maximum dollar amounts for each income bracket for which a tax is imposed by the cost-of-living adjustment for the taxable year as determined by the secretary of the

United States treasury for purposes of section 1(f) of the United States Internal Revenue Code of 1954, as amended. For this purpose, the rate applicable to each income bracket may not be changed, and the manner of applying the cost-of-living adjustment must be the same as that used for adjusting the income brackets for federal income tax purposes.

- h. The tax commissioner shall prescribe an optional simplified method of computing tax under this section that may be used by an individual taxpayer who is not entitled to claim an adjustment under subsection 2 or credit against income tax liability under subsection 7.

SECTION 8. AMENDMENT. Section 57-64-01 of the North Dakota Century Code is amended and reenacted as follows:

57-64-01. Definitions.

For purposes of this chapter:

1. "Combined education mill rate" means the combined number of mills levied by a school district for the general fund, high school tuition, and high school transportation.
2. "Qualifying school district" means a school district that meets the conditions and requirements of this chapter to receive a mill levy reduction grant.
3. ~~"Weighted student unit" means weighted student unit as determined for the school district under chapter 15.1-27.~~

SECTION 9. AMENDMENT. Section 57-64-02 of the North Dakota Century Code is amended and reenacted as follows:

57-64-02. Mill levy reduction allocation and grant.

Each qualifying school district in the state is entitled to a mill levy reduction allocation and grant as provided in this chapter, subject to legislative appropriation to the superintendent of public instruction.

1. The mill levy reduction allocation rate for each qualifying school district is equal to the payments to the school district based on the per student payment rate as determined for the school year under chapter 15.1-27.
2. The grant to a qualifying school district may not exceed the smallest of:
 - a. The allocation determined under subsection 1;
 - b. The taxable valuation of property in the school district in the previous taxable year times the number of mills determined by subtracting one hundred mills from the combined education mill rate of the school district for taxable year 2008; or
 - c. The taxable valuation of property in the school district in the previous taxable year times seventy-five mills.
3. The grant to a qualifying school district may not be less than the grant to that school district in the preceding school year.
4. The grant to a qualifying school district may not exceed the grant to that school district in the preceding school year by a percentage that is more than the percentage increase in statewide taxable valuation which was determined for the previous taxable year.
5. For purposes of this section, "taxable valuation" means the valuation to which the mill rate is applied to determine the amount of ad valorem taxes or payments in lieu of taxes, and includes taxable valuation determined for agricultural, residential, and commercial property.

gas company property, pipeline property, power company property, and railroad property assessed by the state board of equalization under chapter 57-06; mobile homes under chapter 57-55; land controlled by the game and fish department subject to valuation under chapter 57-02.1; land owned by the board of university and school lands or the state treasurer subject to valuation under chapter 57-02.3; national guard land subject to valuation under chapter 37-07.3; farmland or ranchland owned by nonprofit organizations for conservation purposes subject to valuation under section 10-06.1-10; land acquired by the state water commission for the Devils Lake project subject to valuation under chapter 61-02; a workforce safety and insurance building and associated real property subject to valuation under section 65-02-32; and carbon dioxide pipeline property subject to valuation under section 57-06-17.2. For purposes of this section, "taxable valuation" includes the taxable valuation of the homestead credit reimbursed by the state under section 57-02-08.2 and the disabled veterans' credit reimbursed by the state under section 57-02-08.8.

- 4-6. The superintendent of public instruction shall report to each qualifying school district by July fifteenth of each year the mill levy reduction grant in dollars available to that school district during the upcoming school year.
- 5-7. By December first, January first, February first, and March first of each school year, the superintendent of public instruction shall forward to each qualifying school district installments equal to twenty-five percent of the total mill levy reduction grant the district is eligible to receive during that school year.
- 6-8. Allocations to a school district under this chapter are not considered per student payments or state aid for purposes of chapter 15.1-27.
- 7-9. For all purposes under law relating to allocation of funds among political subdivisions based on property tax levies, property taxes levied by a school district are the amount that would have been levied without the mill reduction grant provided to the school district under this chapter.

SECTION 10. AMENDMENT. Section 57-64-03 of the North Dakota Century Code is amended and reenacted as follows:

57-64-03. School district levy compliance.

1. To be eligible to receive a grant under this chapter, a qualifying school district must establish a spending level that does not result in a general fund mill rate exceeding one hundred ten mills. The certificate of levy form filed with the county auditor by a qualifying school district must reflect the revenue to be received by the school district under this chapter and that the general fund mill rate for the school district will not exceed one hundred ten mills unless:
 - a. The district has approval of a majority of the electors of the school district for a higher levy;
 - b. The higher levy is the result of a school district reorganization in compliance with chapter 15.1-12; ~~or~~
 - c. The higher levy does not produce an amount in dollars exceeding the amount allowed under section 57-15-01.1 ~~for taxable year 2008~~ reduced by the amount of the school district's mill levy reduction grant under section 57-64-02 for the budget year; or
 - d. The district has authority for a higher levy under subdivision b of subsection 2.
2. The authority under subdivision a ~~or~~ b of subsection 1 for a school district to levy a general fund mill rate exceeding one hundred ten mills applies for not more than ten taxable years at a time after taxable year 2008 unless a majority of the electors of the school district approve an extension of that authority. Approval by electors of extension of levy authority under

subdivision a or b of subsection 1 is effective for not more than ten taxable years at a time. A ballot measure for approval by electors of extension of levy authority under subdivision a or b of subsection 1 is subject to the following:

- a. The ballot measure must specify the number of mills for the general fund mill rate for which approval is sought.
- b. If a ballot measure for approval of extension of levy authority to levy a specific number of mills under this subsection is not approved by a majority of the electors of the school district voting on the question, the school district general fund levy limitation for subsequent years is subject to the limitations as determined for the school district's budget year under section 57-15-01.1 or 57-15-14, whichever produces the higher levy limitation.

SECTION 11. AMENDMENT. Section 57-64-04 of the North Dakota Century Code is amended and reenacted as follows:

57-64-04. Levy reduction priority.

In setting mill rates for qualified school districts, the county auditor shall apply funds allocated to a school district under this chapter for mill levy reduction first to reduce the number of mills levied for general fund purposes and, if allocation funds remain after the general fund mill rate is reduced to zero, the balance must be applied to reduce the high school tuition levy and, if allocation funds remain after the high school tuition levy mill rate is reduced to zero, then to reduce the high school transportation levy of the qualified school district.

SECTION 12. REPEAL. Chapter 57-16 of the North Dakota Century Code is repealed.

SECTION 13. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$341,790,000, or so much of the sum as may be necessary, to the superintendent of public instruction for the purpose of allocation of mill levy reduction grants to school districts under chapter 57-64, for the biennium beginning July 1, 2011, and ending June 30, 2013.

SECTION 14. TRANSFER - PROPERTY TAX RELIEF SUSTAINABILITY FUND - GENERAL FUND. The office of management and budget shall transfer the sum of \$295,000,000 from the property tax relief sustainability fund to the general fund on July 1, 2011.

SECTION 15. AMENDMENT. Section 13 of chapter 520 of the 2007 Session Laws is amended and reenacted as follows:

SECTION 13. LEGISLATIVE COUNCIL MANAGEMENT STUDY. The legislative ~~council~~ management shall study in each interim through 2012 the feasibility and desirability of property tax reform and providing property tax relief to taxpayers of the state, with the goal of reduction of each taxpayer's annual property tax bill to an amount that is not more than one and one-half percent of the true and full value of property, and including examination of the proper measure of education funding from local taxation and state resources and the variability of funding resources among taxing districts and examination of improved collection and reporting of property tax information to identify residency of property owners with minimized administrative difficulty. The legislative management shall consider the sustainability of state-funded property tax relief in view of the compounding effect of ongoing property taxable valuation increases. The legislative ~~council~~ management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the legislative assembly subsequent to each interim.

SECTION 16. LEGISLATIVE MANAGEMENT STUDY - FINANCIAL INSTITUTIONS AND CORPORATE INCOME TAXATION. During the 2011-12 interim, the legislative management shall consider studying the feasibility and desirability of revision of the financial institutions taxes, including

the feasibility of taxing financial institutions under the state corporate income tax laws. The study under this section must include consideration of corporate income taxes, including corporate income apportionment factors and potential impact of federal legislation on state corporate income taxes. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-third legislative assembly.

SECTION 17. EFFECTIVE DATE. Sections 1 through 7 of this Act are effective for taxable years beginning after December 31, 2010. The remainder of this Act is effective July 1, 2011.

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-second Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1047.

House Vote: Yeas 88 Nays 3 Absent 3

Senate Vote: Yeas 44 Nays 3 Absent 0

Chief Clerk of the House

Received by the Governor at _____ M. on _____, 2011.

Approved at _____ M. on _____, 2011.

Governor

Filed in this office this _____ day of _____, 2011,

at _____ o'clock _____ M.

Secretary of State

**Sixty-second Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 4, 2011**

HOUSE BILL NO. 1194
(Representatives Porter, Belter, R. Kelsch)
(Senators Cook, Fischer, Hogue)

AN ACT to create and enact a new section to chapter 57-15 of the North Dakota Century Code, relating to public hearings relating to property tax increases.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 57-15 of the North Dakota Century Code is created and enacted as follows:

Property tax levy increase notice and public hearing.

Notwithstanding any other provision of law, a taxing district may not impose a property tax levy in a greater number of mills than the zero increase number of mills, unless the taxing district is in substantial compliance with this section.

1. The governing body shall cause publication of notice in its official newspaper at least seven days before a public hearing on its property tax levy. A public hearing under this section may not be scheduled to begin earlier than six p.m. The notice must have at least one-half inch white space margin on all four sides and must be at least two columns wide by five inches high. The heading must be capitalized in boldface type of at least eighteen point stating "IMPORTANT NOTICE TO (name of taxing district) TAXPAYERS". The proposed percentage increase must be printed in a boldface type size no less than two points less than the heading, while the remaining portion of the advertisement must be printed in a type face size no less than four points less than the heading. The text of the notice must contain:
 - a. The date, time, and place of the public hearing.
 - b. A statement that the public hearing will be held to consider increasing the property tax levy by a stated percentage, expressed as a percentage increase exceeding the zero increase number of mills.
 - c. A statement that there will be an opportunity for citizens to present oral or written comments regarding the property tax levy.
 - d. Any other information the taxing district wishes to provide to inform taxpayers.
2. If the governing body of the taxing district does not make a final decision on imposing a property tax levy exceeding the zero increase number of mills at the public hearing required by this section, the governing body shall announce at that public hearing the scheduled time and place of the next public meeting at which the governing body will consider final adoption of a property tax levy exceeding the tax district's zero increase number of mills.
3. For purposes of this section:
 - a. "New growth" means the taxable valuation of any property that was not taxable in the prior year.
 - b. "Property tax levy" means the tax rate, expressed in mills, for all property taxes levied by the taxing district.

- c. "Taxing district" means a city, county, school district, or city park district but does not include any such taxing district that levied a property tax levy of less than one hundred thousand dollars for the prior year and sets a budget for the current year calling for a property tax levy of less than one hundred thousand dollars.
- d. "Zero increase number of mills" means the number of mills against the taxing district's current year taxable valuation, excluding consideration of new growth, which will provide the same amount of property tax revenue as the property tax levy in the prior year.

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-second Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1194.

House Vote: Yeas 65 Nays 27 Absent 2

Senate Vote: Yeas 31 Nays 16 Absent 0

Chief Clerk of the House

Received by the Governor at _____ M. on _____, 2011.

Approved at _____ M. on _____, 2011.

Governor

Filed in this office this _____ day of _____, 2011,

at _____ o'clock _____ M.

Secretary of State

**Sixty-second Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 4, 2011**

SENATE BILL NO. 2013
(Appropriations Committee)
(At the request of the Governor)

AN ACT to provide an appropriation for defraying the expenses of the department of public instruction, the school for the deaf, North Dakota vision services - school for the blind, and the state library; to provide an appropriation to the information technology department; to provide an appropriation to the North Dakota university system office; to provide for the distribution of funding for regional education association grants, continuing education grants, gifted and talented programs and medicaid matching funds, and other grants; to amend and reenact section 15.1-02-02 of the North Dakota Century Code, relating to the salary of the superintendent of public instruction; to repeal section 15.1-13-33 of the North Dakota Century Code, relating to the national board certification fund; to provide an exemption; to provide for a transfer; to amend and reenact sections 54 and 59 of chapter 175 of the 2009 Session Laws, relating to funds appropriated for transportation and state school aid; to provide a statement of legislative intent; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the department of public instruction, the school for the deaf, North Dakota vision services - school for the blind, and the state library for the purpose of defraying the expenses of those agencies, for the biennium beginning July 1, 2011, and ending June 30, 2013, as follows:

Subdivision 1.

DEPARTMENT OF PUBLIC INSTRUCTION

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$13,504,455	\$904,845	\$14,409,300
Operating expenses	30,770,801	(1,087,614)	29,683,187
Grants - State school aid	722,725,958	195,733,520	918,459,478
Grants - Special education contracts	15,500,000	500,000	16,000,000
Grants - Supplemental one-time	85,644,337	(85,644,337)	0
Grants - Supplemental operations	16,795,584	(16,795,584)	0
Grants - Transportation	43,500,000	5,000,000	48,500,000
Grants - Other grants	245,203,721	58,780,672	303,984,393
Grants - Mill levy reduction	295,000,000	(295,000,000)	0
Education jobs fund	0	21,517,716	21,517,716
Transportation efficiency	30,000	0	30,000
National board certification	<u>102,500</u>	<u>82,500</u>	<u>185,000</u>
Total all funds	\$1,468,777,356	(\$116,008,282)	\$1,352,769,074
Less estimated income	<u>360,597,766</u>	<u>90,605,657</u>	<u>451,203,423</u>
Total general fund	\$1,108,179,590	(\$206,613,939)	\$901,565,651
Full-time equivalent positions	99.75	0.00	99.75

Subdivision 2.

STATE LIBRARY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$3,193,791	\$256,568	\$3,450,359
Operating expenses	1,482,573	213,153	1,695,726
Grants	1,852,500	400,000	2,252,500
Total all funds	\$6,528,864	\$869,721	\$7,398,585
Less estimated income	1,927,836	206,774	2,134,610
Total general fund	\$4,606,028	\$662,947	\$5,263,975
Full-time equivalent positions	29.75	0.00	29.75

Subdivision 3.

SCHOOL FOR THE DEAF

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$5,429,998	\$502,640	\$5,932,638
Operating expenses	1,572,603	61,308	1,633,911
Capital assets	327,745	712,485	1,040,230
Grants	200,000	0	200,000
Total all funds	\$7,530,346	\$1,276,433	\$8,806,779
Less estimated income	1,331,450	756,557	2,088,007
Total general fund	\$6,198,896	\$519,876	\$6,718,772
Full-time equivalent positions	43.94	0.00	43.94

Subdivision 4.

VISION SERVICES - SCHOOL FOR THE BLIND

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$3,531,264	\$284,561	\$3,815,825
Operating expenses	667,006	84,500	751,506
Capital assets	39,500	25,500	65,000
Total all funds	\$4,237,770	\$394,561	\$4,632,331
Less estimated income	815,902	19,189	835,091
Total general fund	\$3,421,868	\$375,372	\$3,797,240
Full-time equivalent positions	29.50	0.00	29.50

Subdivision 5.

BILL TOTAL

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Grand total general fund	\$1,122,401,382	(\$194,924,744)	\$927,476,638
Grand total special funds	364,672,954	91,588,177	456,261,131
Grand total all funds	\$1,487,074,336	(\$103,336,567)	\$1,383,737,769

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-THIRD LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-first legislative assembly for the 2009-11 biennium and the 2011-13 one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2009-11</u>	<u>2011-13</u>
Department of public instruction		
IT application rewrite and maintenance	\$500,000	\$384,000
National board certification fund	500,000	0
Federal fiscal stimulus - School aid	85,644,337	0
Federal fiscal stimulus - Other	67,379,051	0

Geographic alliance endowment	<u>226,000</u>	<u>0</u>
Total department of public instruction - All funds	\$154,249,388	\$384,000
Total department of public instruction - Estimated income	<u>153,023,388</u>	<u>0</u>
Total department of public instruction - General fund	\$1,226,000	\$384,000
School for the deaf		
Virtual services business plan	\$25,000	\$0
Facility master plan	41,000	0
Extraordinary repairs	0	103,800
Trades building remodel	<u>1,670,000</u>	<u>0</u>
Total school for the deaf - All funds	\$1,736,000	\$103,800
Total school for the deaf - Estimated income	<u>835,000</u>	<u>0</u>
Total school for the deaf - General fund	\$901,000	\$103,800
School for the blind - Vision services		
Equipment	\$39,200	\$25,500
Window replacement	31,000	0
Facility master plan	0	20,000
Instructional equipment	<u>0</u>	<u>24,500</u>
Total school for the blind - All funds	\$70,200	\$70,000
Total school for the blind - Estimated income	<u>0</u>	<u>0</u>
Total school for the blind - General fund	\$70,200	\$70,000
Grand total - All funds	\$156,055,588	\$557,800
Grand total - Estimated income	<u>153,858,388</u>	<u>0</u>
Grand total - General fund	\$2,197,200	\$557,800

The 2011-13 one-time funding amounts are not a part of the entity's base budget for the 2013-15 biennium. The department of public instruction, school for the deaf, and school for the blind - vision services shall report to the appropriations committees of the sixty-third legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2011, and ending June 30, 2013.

SECTION 3. ONE-TIME FUNDING - EDUCATION JOBS FUNDS. The federal education jobs funding of \$21,517,716 appropriated to the superintendent of public instruction in subdivision 1 of section 1 of this Act is one-time funding for the 2011-13 biennium. The superintendent of public instruction may not request funding from the general fund to replace this one-time funding in its base budget request for the 2013-15 biennium.

SECTION 4. APPROPRIATION - STAGENET CONNECTIVITY - INFORMATION TECHNOLOGY DEPARTMENT. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$131,000, or so much of the sum as may be necessary, to the information technology department for the purpose of completing school district connectivity to STAGEnet, for the biennium beginning July 1, 2011, and ending June 30, 2013.

SECTION 5. APPROPRIATION - SCHOLARSHIP PROGRAMS - STATE BOARD OF HIGHER EDUCATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$10,000,000, or so much of the sum as may be necessary, to the state board of higher education for the purpose of providing North Dakota academic and career and technical education scholarships, for the biennium beginning July 1, 2011, and ending June 30, 2013.

SECTION 6. APPROPRIATION. There is appropriated from special funds derived from federal funds the sum of \$30,000,000, or so much of the sum as may be necessary, to the superintendent of public instruction for grants for the period beginning with the effective date of this Act and ending June 30, 2011.

SECTION 7. APPROPRIATION - TUITION APPORTIONMENT. The sum of \$101,638,000, included in the grants - state school aid line item in subdivision 1 of section 1 of this Act, is from the state tuition fund in the state treasury. Any additional amount in the state tuition fund that becomes available for

distribution to public schools is appropriated to the department of public instruction for that purpose for the biennium beginning July 1, 2011, and ending June 30, 2013.

SECTION 8. STATE SCHOOL AID AND SPECIAL EDUCATION CONTRACTS EXPENDITURE AUTHORITY. The superintendent of public instruction may expend funds included in the grants - state school aid and grants - special education contracts line items in subdivision 1 of section 1 of this Act in payment of grants for educational services that were due in the 2009-11 biennium but which were not filed, claimed, or properly supported by the education provider until after June 30, 2011.

SECTION 9. REGIONAL EDUCATION ASSOCIATIONS - GRANTS. During the 2011-13 biennium, the superintendent of public instruction shall expend up to \$800,000 from the grants - state school aid line item in subdivision 1 of section 1 of this Act for the purpose of providing an annual grant to each eligible regional education association in order to assist each association with the cost of compensating a coordinator.

1. In order to receive a grant under this section, each regional education association must:
 - a. Enter a contract with an individual to serve as a coordinator, on a full-time or a part-time basis, for a duration of at least twelve months; and
 - b. Provide from other revenue sources at least thirty percent of the total compensation payable to the coordinator.
2. The maximum grant payable to a regional education association under this section during each year of the biennium is the lesser of \$50,000 or seventy percent of the total compensation payable to the coordinator.

SECTION 10. RESERVED FUNDS - CONTINGENT ADULT EDUCATION LEARNING CENTER GRANTS. The sum of \$500,000, or so much of the sum as may be necessary, made available under section 19 of this Act, must be used by the department of public instruction for providing adult education learning center grants, for the biennium beginning July 1, 2011, and ending June 30, 2013. The department may provide grants of up to \$250,000 during the first year of the biennium only if federal funding available to the state for adult education is less than \$900,000 in federal fiscal year 2012. Funding provided in the first year of the biennium is limited to the difference between federal funding available in federal fiscal year 2012 and \$900,000. The department may use any remaining funds for adult education learning center grants during the second year of the biennium.

SECTION 11. CONTINUING EDUCATION GRANTS - FUNDING - DISTRIBUTION. The sum of \$100,000, or so much of the sum as may be necessary, included in the grants - other grants line item in subdivision 1 of section 1 of this Act is provided for continuing education grants, for the biennium beginning July 1, 2011, and ending June 30, 2013.

1. The superintendent of public instruction shall award grants in amounts up to \$1,200 to eligible recipients in chronological order, based on the date of an individual's application. An eligible recipient must:
 - a. (1) Be licensed to teach by the education standards and practices board;
 - (2) Have taught in this state during each of the last three school years; and
 - (3) Be enrolled at an institution of higher education in this state in either a master of education program in educational leadership or a program leading to a specialist diploma in educational leadership;
 - b. Be pursuing the requirements for a certificate in career development facilitation; or
 - c. Be pursuing a school counselor credential.

2. If any of the amount appropriated for this purpose remains after the superintendent of public instruction has awarded grants to all eligible recipients, the superintendent shall distribute that amount as an additional per student payment on a prorated basis, according to the latest available average daily membership of each school district.

SECTION 12. GIFTED AND TALENTED PROGRAM - MEDICAID MATCHING - FUNDING - DISTRIBUTION.

1. The sum of \$800,000, included in the grants - state school aid line item in subdivision 1 of section 1 of this Act, must be distributed to reimburse school districts or special education units for gifted and talented programs upon the submission of an application that is approved in accordance with guidelines adopted by the superintendent of public instruction. The superintendent of public instruction shall encourage cooperative efforts for gifted and talented programs among school districts and special education units.
2. State school aid payments for special education must be reduced by the amount of matching funds required to be paid by school districts or special education units for students participating in the medicaid program. Special education funds equal to the amount of the matching funds required to be paid by the school district or special education unit must be paid by the superintendent of public instruction to the department of human services on behalf of the school district or unit.

SECTION 13. INDIRECT COST ALLOCATION. Notwithstanding section 54-44.1-15, the department of public instruction may deposit indirect cost recoveries in its operating account.

SECTION 14. STATE AID TO PUBLIC LIBRARIES. The line item entitled grants in subdivision 2 of section 1 of this Act includes \$1,500,000 for aid to public libraries, of which no more than one-half is to be expended during the fiscal year ending June 30, 2012.

SECTION 15. FEES DEPOSITED IN VISION SERVICES - SCHOOL FOR THE BLIND OPERATING FUND. Any moneys included in the estimated income line item in subdivision 4 of section 1 of this Act, collected for subscription fees or braille fees, must be deposited in the North Dakota vision services - school for the blind operating fund in the state treasury and may be spent subject to appropriation by the legislative assembly.

SECTION 16. SCHOOL FOR THE DEAF - EXEMPTION - TRANSFER. Up to \$835,000 of the amount appropriated to the school for the deaf from the general fund, as provided in chapter 13 of the 2009 Session Laws, for the trades building remodeling project and not spent or obligated as of June 30, 2011, is not subject to the provisions of section 54-44.1-11 and shall be transferred by the director of the office of management and budget to the school for the deaf fund during the biennium beginning July 1, 2011, and ending June 30, 2013.

SECTION 17. SCHOOL FOR THE DEAF - HIGHER EDUCATION INTERPRETER GRANT PROGRAM. The grants line item contained in subdivision 3 of section 1 of this Act is for the purpose of providing grants to assist institutions under the control of the state board of higher education with the cost of interpreters and real-time captioning for students who are deaf or hard of hearing for the biennium beginning July 1, 2011, and ending June 30, 2013. Moneys appropriated for this program are not subject to section 54-44.1-11. Funds shall be distributed pursuant to the provisions of this section:

1. The school for the deaf shall develop a formula to determine the grant amount for which an institution is eligible. The formula must be based on a uniform hourly reimbursement.
2. To obtain a grant under this section, an institution shall submit to the school for the deaf, at the time and in the manner directed by the school, invoices showing the amount expended for interpreters and real-time captioning for students who are deaf or hard of hearing.
3. The school for the deaf may not distribute more than fifty percent of the amount appropriated during the first year of the biennium.

4. If any grant moneys remain undistributed at the end of the biennium, the school for the deaf shall provide additional prorated grants to institutions that incurred during the biennium hourly expenses in excess of the formula reimbursement level.
5. At the request of an institution under the control of the state board of higher education, the school for the deaf shall consult with the institution and provide advice regarding the provision of services most appropriate to meet a student's needs.

SECTION 18. AMENDMENT. Section 54 of chapter 175 of the 2009 Session Laws is amended and reenacted as follows:

SECTION 54. TRANSPORTATION GRANTS - DISTRIBUTION.

1. During each year of the 2009-11 biennium, the superintendent of public instruction shall calculate the payment to which each school district is entitled based on the state transportation formula as it existed on June 30, 2001, except that the superintendent shall provide reimbursement at the rate of:
 - a. Ninety-two cents per mile for schoolbuses having a capacity of ten or more passengers;
 - b. Forty-four cents per mile for vehicles having a capacity of nine or fewer passengers; and
 - c. Twenty-four cents per student for each one-way trip.
2. The superintendent of public instruction shall use the latest available student enrollment count in each school district in applying the provisions of the transportation formula as it existed on June 30, 2001.
3. If any moneys provided for transportation payments in the grants - transportation line item in the appropriation bill for the superintendent of public instruction, as approved by the sixty-first legislative assembly, remain after application of the formula provided for in this section, the superintendent of public instruction shall ~~prorate~~:
 - a. Reserve the first one million dollars, which is not subject to the provisions of section 54-44.1-11 and must be used to provide per student payments during the biennium beginning July 1, 2011, and ending June 30, 2013.
 - b. Prorate the remaining amounts according to the percentage of the total transportation formula amount to which each school district is entitled.
4. This section does not authorize the reimbursement of any costs incurred in providing transportation for student attendance at extracurricular activities or events.

SECTION 19. AMENDMENT. Section 59 of chapter 175 of the 2009 Session Laws is amended and reenacted as follows:

SECTION 59. CONTINGENT MONEY - 2009-11.

1. In determining the availability of contingent money under this section, the superintendent of public instruction shall first add to the money in the grants - state school aid line item in the appropriation bill for the superintendent of public instruction, as approved by the sixty-first legislative assembly, any money that was appropriated to the superintendent for special education contracts and which remains after the superintendent complied with all statutory special education contract payment obligations imposed for the biennium beginning July 1, 2009, and ending June 30, 2011.

2. If any money that was appropriated to the superintendent of public instruction for grants - state aid payments to school districts or added to the grants - state school aid line item in accordance with subsection 1 remains after the superintendent complies with all statutory payment obligations imposed for the biennium beginning July 1, 2009, and ending June 30, 2011, the superintendent shall use:
 - a. Reserve the first eight million dollars, which is not subject to the provisions of section 54-44.1-11 and must be used to provide per student payments during the biennium beginning July 1, 2011, and ending June 30, 2013.
 - b. Reserve the next five hundred thousand dollars, which is not subject to the provisions of section 54-44.1-11 and must be used in accordance with section 10 of this Act.
 - c. Use the money to provide additional per student payments on a prorated basis according to the latest available average daily membership of each school district.

SECTION 20. TRANSFER - NATIONAL BOARD CERTIFICATION FUND - GENERAL FUND. The office of management and budget shall transfer any balance remaining in the national board certification fund at the end of the 2011-13 biennium to the general fund. For purposes of this section, "at the end of the 2011-13 biennium" means after cancellation of unexpended appropriations under section 54-44.1-11.

SECTION 21. LEGISLATIVE INTENT - 2013-15 SCHOOL FOR THE DEAF APPROPRIATION BILL. It is the intent of the sixty-second legislative assembly that the school for the deaf remain under the control of the superintendent of public instruction during the 2011-13 biennium and that the governor include the recommended funding for the school for the deaf in a separate draft appropriations act for introduction to the sixty-third legislative assembly.

SECTION 22. AMENDMENT. Section 15.1-02-02 of the North Dakota Century Code is amended and reenacted as follows:

15.1-02-02. Salary.

The annual salary of the superintendent of public instruction is ~~ninety-five one hundred two thousand one hundred sixteen~~ sixty-eight dollars through June 30, ~~2010~~ 2012, and ~~ninety-nine one hundred five thousand eight~~ nine hundred seventy-two ~~fifty-four~~ dollars thereafter.

SECTION 23. REPEAL. Section 15.1-13-33 of the North Dakota Century Code is repealed.

SECTION 24. EMERGENCY. Sections 6, 18, and 19 of this Act and \$21,517,716 appropriated in the education jobs fund line item in subdivision 1 of section 1 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-second Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2013 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 92 Nays 1 Absent 1

Speaker of the House

Chief Clerk of the House

Received by the Governor at _____ M. on _____, 2011.

Approved at _____ M. on _____, 2011.

Governor

Filed in this office this _____ day of _____, 2011,
at _____ o'clock _____ M.

Secretary of State

**Sixty-second Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 4, 2011**

SENATE BILL NO. 2150
(Senators Flakoll, Holmberg, O'Connell)
(Representatives R. Kelsch, Hawken, Delmore)

AN ACT to create and enact a new section to chapter 6-09, a new section to chapter 15.1-09.1, four new sections to chapter 15.1-18.2, two new sections to chapter 15.1-21, and a new section to chapter 15.1-27 of the North Dakota Century Code, relating to required transfers, regional education associations, the professional development advisory committee, North Dakota scholarships, and state aid; to amend and reenact sections 15.1-07-33, 15.1-09.1-02, 15.1-21-02.1, 15.1-21-02.4, 15.1-21-02.5, 15.1-21-02.6, 15.1-21-08, 15.1-21-18, 15.1-21-19, 15.1-22-01, 15.1-22-02, 15.1-27-03, 15.1-27-03.1, 15.1-27-04, 15.1-27-07.2, 15.1-27-11, 15.1-27-23, 15.1-27-35.3, 15.1-36-02, and 15.1-37-01, subsection 1 of section 15.1-37-02, and section 15.1-37-03 of the North Dakota Century Code, relating to technology, regional education associations, curriculum requirements, assessments, scholarships, kindergartens, student consultations, state aid, school construction funding, and early childhood education, care, and services; to repeal section 5 of this Act and sections 15.1-18.2-01, 15.1-18.2-02, 15.1-18.2-03, and 15.1-27-15 of the North Dakota Century Code, relating to professional development and isolated schools; to provide an appropriation; to provide for compensation increases, transition payments, and the distribution of transportation grants, alternative middle school grants, and rapid enrollment growth grants; to provide for legislative management studies and reports; to provide an effective date; to provide an expiration date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 6-09 of the North Dakota Century Code is created and enacted as follows:

Required transfer - Special education contract costs.

If the industrial commission is notified by the superintendent of public instruction that, using all available sources, there are insufficient moneys with which to fully reimburse school districts for the excess costs of serving the one percent of special education students statewide who require the greatest school district expenditures in order to be provided with special education and related services, the industrial commission shall transfer from the earnings and accumulated and undivided profits of the Bank of North Dakota the amount that the superintendent of public instruction certifies is necessary to provide the statutorily required level of reimbursement. The superintendent of public instruction shall file for introduction legislation requesting that the ensuing legislative assembly return any amount transferred under this section to the Bank of North Dakota.

SECTION 2. AMENDMENT. Section 15.1-07-33 of the North Dakota Century Code is amended and reenacted as follows:

15.1-07-33. Student information system - Statewide coordination - Financial support - Exemption.

1. Notwithstanding any other technology requirements imposed by the superintendent of public instruction, the information technology department, or the North Dakota educational technology council, each school district shall acquire PowerSchool through the information technology department and use it as its principal student information system.
2. The superintendent of public instruction shall forward that portion of a school district's state aid which is payable by the superintendent under subdivision n of subsection 1 of section 15.1-27-03.1 directly to the information technology department to reimburse the department

for the cost of the school district's acquisition, implementation, or utilization of PowerSchool and any related technology support services. The superintendent shall forward the amount payable under this subsection at the same time and in the same manner as provided for other state aid payments under section 15.1-27-01.

3. If the portion of a school district's state aid forwarded to the information technology department under subsection 2 exceeds the cost incurred by the information technology department in providing for the school district's acquisition, implementation, or utilization of PowerSchool and any related technology support services, the information technology department shall return the excess moneys to the superintendent of public instruction for redistribution to the school district as per student payments.
4. The superintendent of public instruction may exempt a school district from having to acquire and utilize PowerSchool if the school district demonstrates that, in accordance with requirements of the bureau of Indian education, the district has acquired and is utilizing a student information system that is determined to be comparable by the superintendent.

SECTION 3. AMENDMENT. Section 15.1-09.1-02 of the North Dakota Century Code is amended and reenacted as follows:

15.1-09.1-02. Regional education association -- ~~Joint powers agreement associations~~ - Review by superintendent of public instruction - Criteria.

~~Before~~In order for a group of school districts ~~may~~to be designated as a regional education association, the superintendent of public instruction shall review the joint powers agreement that the districts have entered and verify that: the requirements of this section have been met.

1. The school districts must:
 - a. Have a combined total land mass of at least five thousand eight hundred square miles [1502193 hectares];
 - b. (1) Have a combined total land mass of at least four thousand five hundred square miles [1165494 hectares]; and
(2) Number at least twelve;
 - c. (1) Have a combined total land mass of at least four thousand square miles [1035995 hectares]; and
(2) Have at least three thousand students in average daily membership; or
 - d. (1) Have a combined total land mass of at least one thousand five hundred square miles [388498 hectares]; and
(2) Have at least seven thousand five hundred students in average daily membership.
2. The school districts ~~are~~must be contiguous to each other or, if the districts are not contiguous to each other, the superintendent of public instruction shall verify that the participating districts can provide sound educational opportunities to their students in a fiscally responsible manner without injuring other school districts or regional education associations and without negatively impacting the ability of other school districts or regional education associations to provide sound educational opportunities to their students in a fiscally responsible manner. A decision by the superintendent of public instruction under this subsection may be appealed to the state board of public school education. A decision by the state board is final.
3. The joint powers agreement ~~requires~~must require that the participating school districts maintain a joint operating fund ~~and share various administrative functions and student services in accordance with subsection 4.~~

4. a. ~~During the first two school years in which a regional education association is operational, each participating school district shall share in at least two administrative functions and two student services, selected by the district.~~
- b. ~~During the third and fourth school years in which a regional education association is operational, each participating school district shall share in at least three administrative functions and three student services, selected by the district.~~
- e. ~~During the fifth school year in which a regional education association is operational, and each year thereafter, each participating school district shall share at least five administrative functions and five student services, selected by the district.~~
- d. For purposes of this subsection:
 - (1) "Administrative functions" means:
 - (a) Business management;
 - (b) Career and technical education services management;
 - (c) Curriculum mapping or development;
 - (d) Data analysis;
 - (e) Federal program support;
 - (f) Federal title program management;
 - (g) Grant writing;
 - (h) School improvement;
 - (i) School safety and environment management;
 - (j) Special education services management;
 - (k) Staff development;
 - (l) Staff retention and recruitment;
 - (m) Staff sharing;
 - (n) Technology support; and
 - (o) Any other functions approved by the superintendent of public instruction.
 - (2) "Student services" means:
 - (a) Advanced placement classes;
 - (b) Alternative high schools or alternative high school programs;
 - (c) Career and technical education classes;
 - (d) Counseling services;
 - (e) Common elementary curricula;
 - (f) Distance learning classes;
 - (g) Dual credit classes;

- (h) Foreign language classes;
 - (i) Library and media services;
 - (j) Summer programs;
 - (k) Supplemental instruction programs; and
 - (l) Any other services approved by the superintendent of public instruction.
- e. ~~For purposes of this subsection, if a regional education association became operational before July 1, 2005, the 2005-06 school year must be considered the provider's first year of operation.~~
5. The joint powers agreement ~~provides~~must provide:
- a. Criteria for the future participation of school districts that were not parties to the original joint powers agreement;
 - b. An application process by which school districts that were not parties to the original joint powers agreement can become participating districts; and
 - c. A process by which school districts that were not parties to the original joint powers agreement and whose application to participate in the agreement was denied can appeal the decision to the superintendent of public instruction.
- 6.5. The joint powers agreement ~~provides~~must provide for the employment and compensation of staff.
- 7.6. The joint powers agreement must:
- a. ~~Establishes~~Establish the number of members on the governing board;
 - b. ~~Establishes~~Establish the manner in which members of the governing board are determined;
 - c. ~~Requires all members~~Require that each member of the governing board ~~or their designees to be individuals~~be an individual currently serving on the board of a participating school district ~~or the designee of a participating school district's board~~; and
 - d. ~~Allows~~Allow for the inclusion of ex officio nonvoting members on the governing board.
- 8.7. The joint powers agreement ~~provides~~must provide that the board of the regional education association shall meet at least quarterly.
- 9.8. The joint powers agreement ~~does~~may not permit the regional education association to compensate members of the regional education association board for attending meetings of the board and does not permit the regional education association to reimburse members of the board for any expenses incurred in attending meetings of the board.

SECTION 4. A new section to chapter 15.1-09.1 of the North Dakota Century Code is created and enacted as follows:

Regional education association - Services to be offered.

- 1. In order to be eligible for state funding, a regional education association must offer the following services to its member districts:
 - a. Coordination and facilitation of professional development activities for teachers and administrators employed by its member districts;

- b. Supplementation of technology support services;
 - c. Assistance with achieving school improvement goals identified by the superintendent of public instruction;
 - d. Assistance with the collection, analysis, and interpretation of student achievement data; and
 - e. Assistance with the expansion and enrichment of curricular offerings.
2. Subsection 1 does not preclude a regional education association from offering additional services to its member districts.

SECTION 5. A new section to chapter 15.1-18.2 of the North Dakota Century Code is created and enacted as follows:

Professional development advisory committee - Reimbursement of members.

Each member of the professional development advisory committee is entitled to receive reimbursement for expenses as provided by law for state officers if the member is attending committee meetings, except that no member may receive reimbursement under this section for more than three committee meetings during each year of the biennium.

SECTION 6. A new section to chapter 15.1-18.2 of the North Dakota Century Code is created and enacted as follows:

Teacher support program - Establishment.

The education standards and practices board shall:

- 1. Establish and administer a teacher support program;
- 2. Employ an individual to serve as a teacher support program coordinator;
- 3.
 - a. Select and train experienced teachers who will serve as mentors for first-year teachers and assist the first-year teachers with instructional skills development; or
 - b. If a school district or other employing entity listed in section 9 of this Act is not in need of mentors for its first-year teachers, select and train experienced teachers who will work with school district administrators and administrators from the other employing entities to identify the needs of the non-first-year teachers and help the non-first-year teachers address their particular needs through the use of:
 - (1) Research-validated interventions; and
 - (2) Proven instructional methods.

SECTION 7. A new section to chapter 15.1-18.2 of the North Dakota Century Code is created and enacted as follows:

Teacher support program - Availability of services.

The education standards and practices board may use any moneys it receives for the teacher support program to provide staff compensation, training, evaluation, and stipends for mentors and experienced teachers who assist first-year and non-first-year teachers participating in the program, and to pay for any other administrative expenses resulting from the program; provided, however, that the board may not expend more than five percent of the moneys for administrative purposes.

SECTION 8. A new section to chapter 15.1-18.2 of the North Dakota Century Code is created and enacted as follows:

Teacher support program - Authorized service recipients.

The education standards and practices board may provide support services to teachers

employed by:

1. School districts;
2. Special education units;
3. Area career and technology centers;
4. Regional education associations; and
5. Schools funded by the bureau of Indian education.

SECTION 9. AMENDMENT. Section 15.1-21-02.1 of the North Dakota Century Code is amended and reenacted as follows:

15.1-21-02.1. High school graduation--~~Diploma requirements~~diploma - Minimum units.

Except as provided in section 15.1-21-02.3, before a school district, a nonpublic high school, or the center for distance education issues a high school diploma to a student, the student must have successfully completed the following ~~twenty-two~~ units of high school coursework:

1. ~~Four units of English language arts from a sequence that includes literature, composition, and speech;~~
2. ~~Three units of mathematics;~~
3. ~~Three units of science, including:~~
 - a. ~~One unit of physical science;~~
 - b. ~~One unit of biology; and~~
 - c. ~~(1) One unit of any other science; or~~
~~(2) Two one-half units of any other science;~~
4. ~~Three units of social studies, including:~~
 - a. ~~One unit of United States history;~~
 - b. ~~(1) One-half unit of United States government and one-half unit of economics; or~~
~~(2) One unit of problems of democracy; and~~
 - c. ~~One unit or two one-half units of any other social studies, which may include civics, civilization, geography and history, multicultural studies, North Dakota studies, psychology, sociology, and world history;~~
5. ~~a. One unit of physical education; or~~
~~b. One-half unit of physical education and one-half unit of health;~~
6. ~~Three units of:~~
 - a. ~~Foreign languages;~~
 - b. ~~Native American languages;~~

- e. Fine arts; or
- d. Career and technical education courses; and
- 7. Any five additional units.
- 1. The twenty-two units of high school coursework set forth in section 10 of this Act; and
- 2. Any additional units of high school coursework required by the issuing entity.

SECTION 10. A new section to chapter 15.1-21 of the North Dakota Century Code is created and enacted as follows:

High school graduation - Minimum requirements.

Except as provided in section 15.1-21-02.3, the following twenty-two units of high school coursework constitute the minimum requirement for high school graduation:

- 1. Four units of English language arts from a sequence that includes literature, composition, and speech;
- 2. Three units of mathematics;
- 3. Three units of science, including:
 - a. One unit of physical science;
 - b. One unit of biology; and
 - c. (1) One unit of any other science; or
(2) Two one-half units of any other science;
- 4. Three units of social studies, including:
 - a. One unit of United States history;
 - b. (1) One-half unit of United States government and one-half unit of economics; or
(2) One unit of problems of democracy; and
 - c. One unit or two one-half units of any other social studies, which may include civics, civilization, geography and history, multicultural studies, North Dakota studies, psychology, sociology, and world history;
- 5. a. One unit of physical education; or
b. One-half unit of physical education and one-half unit of health;
- 6. Three units of:
 - a. Foreign languages;
 - b. Native American languages;
 - c. Fine arts; or
 - d. Career and technical education courses; and
- 7. Any five additional units.

SECTION 11. AMENDMENT. Section 15.1-21-02.4 of the North Dakota Century Code is amended and reenacted as follows:

15.1-21-02.4. North Dakota career and technical education scholarship.

Any resident student who graduates from a high school during or after the 2010-11 school year is eligible to receive a North Dakota career and technical education scholarship provided the student ~~completes all requirements set forth in subsections 1 through 5 and subsection 7 of section 15.1-21-02.1~~ for a high school diploma and:

1. Completed four units of English language arts from a sequence that includes literature, composition, and speech;
2. Completed three units of mathematics, including:
 - a. ~~Completes one~~One unit of algebra II, as defined by the superintendent of public instruction, ~~in fulfillment of the mathematics requirement set forth in subsection 2 of section 15.1-21-02.1; and~~
 - b. ~~Completes two~~Two units of any other mathematics;
3. Completed three units of science, including:
 - a. One unit of physical science;
 - b. One unit of biology; and
 - c. (1) One unit of any other science; or
(2) Two one-half units of any other science;
4. Completed three units of social studies, including:
 - a. One unit of United States history;
 - b. (1) One-half unit of United States government and one-half unit of economics; or
(2) One unit of problems of democracy; and
 - c. One unit or two one-half units of any other social studies, which may include civics, civilization, geography and history, multicultural studies, North Dakota studies, psychology, sociology, and world history;
5. a. Completed one unit of physical education; or
b. One-half unit of physical education and one-half unit of health;
6. Completed:
 - a. One unit selected from:
 - (1) Foreign languages;
 - (2) Native American languages;
 - (3) American sign language;
 - (4) Fine arts; or
 - (5) Career and technical education courses; and

- b. Two units of a coordinated plan of study recommended by the department of career and technical education and approved by the superintendent of public instruction; and
- e.7. ~~Completes three~~Completed any five additional units, two of which must be in the area of career and technical education;
- 2. ~~Obtains a grade of at least "C" in each unit or one-half unit required for the diploma;~~
- 3.8. a. (1) ~~Obtains~~Obtained a cumulative grade point average of at least "B"3.0 on a 4.0 grading scale, as determined by the superintendent of public instruction, based on all high school units in which the student was enrolled; and
- (2) Obtained a grade of at least "C" in each unit or one-half unit; or
- b. (1) Obtained a cumulative grade point average of at least 3.0 on a 4.0 grading scale, as determined by the superintendent of public instruction, based only on the units required by subsections 1 through 7 of this section; and
- (2) Obtained a grade of at least "C" in each unit or one-half unit; and
- 4.9. ~~Receives~~Received:
 - a. A composite score of at least twenty-four on an ACT; or
 - b. A score of at least five on each of three WorkKeys assessments recommended by the department of career and technical education and approved by the superintendent of public instruction.

SECTION 12. AMENDMENT. Section 15.1-21-02.5 of the North Dakota Century Code is amended and reenacted as follows:

15.1-21-02.5. North Dakota academic scholarship.

Any resident student who graduates from a high school during or after the 2010-11 school year is eligible to receive a North Dakota academic scholarship provided the student ~~completes all requirements set forth in subsections 1 through 5 and subsection 7 of section 15.1-21-02.1 for a high school diploma and:~~

- 1. Completed four units of English language arts from a sequence that includes literature, composition, and speech;
- 2. Completed three units of mathematics, including:
 - a. ~~Completes one~~One unit of algebra II, as defined by the superintendent of public instruction, ~~in fulfillment of the mathematics requirement set forth in subsection 2 of section 15.1-21-02.1; and~~
 - b. ~~Completes one additional~~One unit of mathematics for which algebra II, as defined by the superintendent of public instruction, is a prerequisite; and
- e.3. ~~Completes~~Completed three units of science, including:
 - a. One unit of physical science;
 - b. One unit of biology; and
 - c. (1) One unit of any other science; or
 - (2) Two one-half units of any other science;

4. Completed three units of social studies, including:
 - a. One unit of United States history;
 - b. (1) One-half unit of United States government and one-half unit of economics; or
(2) One unit of problems of democracy; and
 - c. One unit or two one-half units of any other social studies, which may include civics, civilization, geography and history, multicultural studies, North Dakota studies, psychology, sociology, and world history;
5. a. Completed one unit of physical education; or
b. One-half unit of physical education and one-half unit of health;
6. a. Completed:
 - (1) Two units of the same foreign or native American language;
 - (2) One unit of fine arts or career and technical educationAmerican sign language; and

(3)b. One unit of a foreign or nativeselected from:

 - (1) Foreign languages;
 - (2) Native American language, finelanguages;
 - (3) American sign language;
 - (4) Fine arts, or career; or
 - (5) Career and technical education;
2. Obtains a grade of at least "C" in each unit or one-half unit required for the diploma;
- 3-7. ObtainsCompleted any five additional units, one of which must be in the area of fine arts or career and technical education;
8. a. (1) Obtained a cumulative grade point average of at least "B"3.0 on a 4.0 grading scale, as determined by the superintendent of public instruction, based on all high school units in which the student was enrolled; and
(2) Obtained a grade of at least "C" in each unit or one-half unit; or
b. (1) Obtained a cumulative grade point average of at least 3.0 on a 4.0 grading scale, as determined by the superintendent of public instruction, based only on the units required by subsections 1 through 7 of this section; and
(2) Obtained a grade of at least "C" in each unit or one-half unit;
- 4-9. ReceivesReceived a composite score of at least twenty-four on an ACT; and
- 5-10. a. CompletesFulfilled any one unit requirement set forth in subsections 1 through 7 of this section by means of an advanced placement course and examination; or
b. Fulfilled any one-half unit requirement set forth in subsections 1 through 7 of this section by means of a dual-credit course.

SECTION 13. AMENDMENT. Section 15.1-21-02.6 of the North Dakota Century Code is amended and reenacted as follows:

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

1.
 - a. The state board of higher education shall provide to any student certified as being eligible by the superintendent of public instruction either a North Dakota academic scholarship or a North Dakota career and technical education scholarship in the amount of seven hundred fifty dollars for each semester during which the student is enrolled full time at an accredited institution of higher education in this state and maintains a cumulative grade point average of 2.75.
 - b. The state board of higher education shall provide to any student certified as being eligible by the superintendent of public instruction either a North Dakota academic scholarship or a North Dakota career and technical education scholarship in the amount of five hundred dollars for each quarter during which the student is enrolled full time at an accredited institution of higher education in this state and maintains a cumulative grade point average of 2.75.
2. The state board shall monitor each scholarship recipient to ensure that the student meets the academic and other requirements of this section. Upon determining that a recipient student has failed to meet the requirements of this section, the board shall provide notification to the student within ten days.
- ~~2.3.~~ A student is not entitled to receive more than six thousand dollars under this section.
- ~~3.4.~~ The state board of higher education shall forward the scholarship directly to the institution in which the student is enrolled.
- 4.5.
 - a. (1) This section does not require a student to be enrolled in consecutive semesters.
 - (2) This section does not require a student to be enrolled in consecutive quarters.
 - b. However, a scholarship under this section is valid only for six academic years after the student's graduation from high school and may not be applied to graduate programs.
- ~~5.6.~~ A scholarship under this section is available to any eligible student who graduates from a high school in this state or from a high school in a bordering state under chapter 15.1-29.
7. For purposes of North Dakota scholarship eligibility under this section, "full-time" means enrollment in at least twelve credits during a student's first two semesters and enrollment in at least fifteen credits during each semester thereafter or enrollment in the equivalent number of credits, as determined by the state board of higher education, with respect to students in a quarter system.

SECTION 14. A new section to chapter 15.1-21 of the North Dakota Century Code is created and enacted as follows:

North Dakota scholarship - Eligibility - One-time exception.

1.
 - a. Notwithstanding section 15.1-21-02.6, if a student's cumulative grade point average as determined by the state board of higher education at the conclusion of a semester is below 2.75, the board shall grant an exception and provide the North Dakota scholarship to which the student would otherwise be entitled for the next semester in which the student is enrolled full time. The exception provided by this section is applicable to a student only one time.
 - b. If a student's cumulative grade point average as determined by the state board of higher education at the conclusion of a semester is below 2.75 for a second time, the student is no longer eligible to receive any additional North Dakota academic or career and technical education scholarships.

2. a. Notwithstanding section 15.1-21-02.6, if a student's cumulative grade point average as determined by the state board of higher education at the conclusion of a quarter is below 2.75, the board shall grant an exception and provide the North Dakota scholarship to which the student would otherwise be entitled for the next quarter in which the student is enrolled full time. The exception provided by this section is applicable to a student only one time.
- b. If a student's cumulative grade point average as determined by the state board of higher education at the conclusion of a quarter is below 2.75 for a second time, the student is no longer eligible to receive any additional North Dakota academic or career and technical education scholarships.

SECTION 15. AMENDMENT. Section 15.1-21-08 of the North Dakota Century Code is amended and reenacted as follows:

15.1-21-08. Reading, mathematics, and science - Administration of test.

1. The superintendent of public instruction shall administer to public school students a test that is aligned to the state content and achievement standards in reading and mathematics. This test must be administered to ~~all public school students in at least one grade level selected within each of the following grade spans: grades three through five; grades six through nine; and grades ten through twelve. Beginning no later than the 2005-06 school year and annually thereafter, the superintendent of public instruction shall administer the reading and mathematics test~~annually to all public school students in grades three, four, five, six, seven, eight, and eleven.
2. ~~Beginning no later than the 2007-08 school year and annually thereafter, the~~The superintendent of public instruction shall administer a test that is aligned to the state content and achievement standards in science. This test must be administered to all public school students in at least one grade level selected from three through five; in at least one grade level selected from six through nine; and in grade eleven. The superintendent of public instruction may not administer the grade eleven test after December first of each school year.

SECTION 16. AMENDMENT. Section 15.1-21-18 of the North Dakota Century Code is amended and reenacted as follows:

15.1-21-18. Career interest inventory - Educational and career planning - Consultation.

1. A school district shall administer to students, once during their enrollment in grade seven or eight and once during their enrollment in grade nine or ten, a career interest inventory recommended by the department of career and technical education and approved by the superintendent of public instruction.
2. At least once during the seventh or eighth grade, each school district shall arrange for students to participate in either an individual consultative process or a nine-week course, for the purpose of discussing the results of their career interest inventory, selecting high school courses appropriate to their educational pursuits and career interests, and developing individual high school education plans.
3. Each school district shall notify its high school students that, upon request, a student is entitled to receive a consultative review of the student's individual high school education plan at least once during each high school grade. Upon the request of a student, the school district shall provide the consultative review.
4. Each school district shall verify compliance with the requirements of this section at the time and in the manner required by the superintendent of public instruction.

SECTION 17. AMENDMENT. Section 15.1-21-19 of the North Dakota Century Code is amended and reenacted as follows:

15.1-21-19. Summative assessment - Selection - Cost - Exemptions.

1. Except as otherwise provided, each public and nonpublic school student in grade eleven shall take the ACT, including the writing test, or three WorkKeys assessments recommended by the department of career and technical education and approved by the superintendent of public instruction. The student shall determine which summative assessment to take. ~~The student's school district of residence~~ superintendent of public instruction is responsible for the cost of procuring and administering one summative assessment ~~and its administration~~ per student.
2. The student's career advisor or guidance counselor shall meet with the student to review the student's assessment results.
3. A school district superintendent or a school administrator in the case of a nonpublic school student may exempt a student from the requirements of this section if taking the test is not required by the student's individualized education program plan or if other special circumstances exist.
4. ~~If the superintendent of public instruction determines that the cost of the summative assessment and its administration can be reduced through use of a state procurement process, the superintendent shall work with the school districts to procure and arrange for the administration of the assessment and shall withhold each district's share of the total cost from any state aid otherwise payable to the district. At the time and in the manner determined by the superintendent of public instruction, each school district superintendent and each school administrator in the case of a nonpublic school shall report the number of eleventh grade students who:~~
 - a. Took the ACT, including the writing test;
 - b. Took the three WorkKeys assessments; and
 - c. Were exempted from the requirements of this section, together with the reason for each exemption.

SECTION 18. AMENDMENT. Section 15.1-22-01 of the North Dakota Century Code is amended and reenacted as follows:

15.1-22-01. Kindergarten - Establishment by board - Request by parent - Levy.

1. ~~Upon its own motion, the~~ The board of a school district may ~~establish a free public kindergarten.~~
2. ~~If the board receives a written request to provide kindergarten from the parent of a student who will be enrolled in the kindergarten, the board shall either provide at least a half-day kindergarten program for the~~ any student enrolled in the district or pay the tuition required for the student to attend ~~at least a half-day~~ a kindergarten program in another school district.
- ~~3-2.~~ The board of a school district that establishes a kindergarten under this section may levy a tax pursuant to subdivision p of subsection 1 of section 57-15-14.2.

SECTION 19. AMENDMENT. Section 15.1-22-02 of the North Dakota Century Code is amended and reenacted as follows:

15.1-22-02. Public kindergarten - Requirements.

A school district operating a kindergarten:

1. May not employ an individual as a kindergarten teacher unless the individual is licensed to teach by the education standards and practices board or approved by the education standards and practices board-;
2. Shall submit to the superintendent of public instruction and follow a developmentally appropriate curriculum-;
3. Shall provide ~~at least the equivalent of thirty full days of~~ kindergarten instruction, on a half-day or full-day basis, as determined by the school board-;
4. Shall provide for a kindergarten instructional calendar equal to at least fifty percent of the full-time instructional days required in accordance with section 15.1-06-04;
5. Shall apply all municipal and state health, fire, and safety requirements to the kindergarten-; and
- 5-6. May not enroll a child who is not five years old before August first of the year of enrollment, unless the child will be five years old before December first and:
 - a. The child, by means of developmental and readiness screening instruments approved by the superintendent of public instruction and administered by the kindergarten operator, can demonstrate academic, social, and emotional readiness; or
 - b. The child has been enrolled in another approved kindergarten.

SECTION 20. AMENDMENT. Section 15.1-27-03 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-03. Cost of education - Determination.

1. The superintendent of public instruction shall determine the educational cost per student.
2. In determining the educational cost per student, the superintendent may not use:
 - a. Capital outlay for buildings-;
 - b. Capital outlay for sites-;
 - c. Capital outlay for debt service-;
 - d. Expenditures for school activities-;
 - e. Expenditures for school lunch programs-;
 - f. Expenditures for transportation costs, including schoolbuses; or
 - g. Expenditures for early childhood education.

SECTION 21. 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 through June 30, 2011) 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;~~

- e. ~~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 on a test of English language proficiency approved by the superintendent of public instruction are determined to be least proficient and 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. ~~0.25 the number of full-time equivalent students enrolled in an isolated elementary school;~~
 - h. ~~0.25 the number of full-time equivalent students enrolled in an isolated high school;~~
 - i. ~~0.20 the number of full-time equivalent students attending school in a bordering state in accordance with section 15.1-29-01;~~
 - j. ~~0.20 the number of full-time equivalent students who on a test of English language proficiency approved by the superintendent of public instruction are determined to be not proficient and are enrolled in a program of instruction for English language learners;~~
 - k. ~~0.17 the number of full-time equivalent students enrolled in an early childhood special education program;~~
 - l. ~~0.07 the number of students enrolled in average daily membership, in order to support the provision of special education services;~~
 - m. ~~0.07 the number of full-time equivalent students who on a test of English language proficiency approved by the superintendent of public instruction are determined to be somewhat proficient and are enrolled in a program of instruction for English language learners;~~
 - n. ~~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; and~~
 - e. ~~0.002 the number of students enrolled in average daily membership, in order to support technology.~~
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, 2011) 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 ~~en~~:
 - (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 are
 - (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. ~~0.25 the number of full-time equivalent students enrolled in an isolated elementary school;~~
- h. ~~0.25 the number of full-time equivalent students enrolled in an isolated high school;~~
- i. 0.20 the number of full-time equivalent students attending school in a bordering state in accordance with section 15.1-29-01;
- ~~j-h.~~ 0.20 the number of full-time equivalent students who ~~en~~:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be ~~not~~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 are
 - (2) Are enrolled in a program of instruction for English language learners;
- k-i. 0.17 the number of full-time equivalent students enrolled in an early childhood special education program;
- ~~t-j.~~ ~~0-070.10~~ 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. 0.073 the number of students enrolled in average daily membership, in order to support the provision of special education services;
- ~~m-l.~~ 0.07 the number of full-time equivalent students who ~~en~~:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be ~~somewhat~~more proficient and ~~are~~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-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; and
 - p. ~~0.002 the number of students enrolled in average daily membership, in order to support technology.~~
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 22. 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 through June 30, 2011~~) ~~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 on a test of English language proficiency approved by the superintendent of public instruction are determined to be least proficient and 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. ~~0.25 the number of full-time equivalent students enrolled in an isolated elementary school;~~
 - h. ~~0.25 the number of full-time equivalent students enrolled in an isolated high school;~~
 - i. ~~0.20 the number of full-time equivalent students attending school in a bordering state in accordance with section 15.1-29-01;~~
 - j. ~~0.20 the number of full-time equivalent students who on a test of English language proficiency approved by the superintendent of public instruction are determined to be not proficient and are enrolled in a program of instruction for English language learners;~~

- k. ~~0.17 the number of full-time equivalent students enrolled in an early childhood special education program;~~
 - l. ~~0.07 the number of students enrolled in average daily membership, in order to support the provision of special education services;~~
 - m. ~~0.07 the number of full-time equivalent students who on a test of English language proficiency approved by the superintendent of public instruction are determined to be somewhat proficient and are enrolled in a program of instruction for English language learners;~~
 - n. ~~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; and~~
 - o. ~~0.002 the number of students enrolled in average daily membership, in order to support technology.~~
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, 2011) 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 ~~are~~:
 - (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 are
 - (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. ~~0.25 the number of full-time equivalent students enrolled in an isolated elementary school;~~
 - h. ~~0.25 the number of full-time equivalent students enrolled in an isolated high school;~~
 - i. 0.20 the number of full-time equivalent students attending school in a bordering state in accordance with section 15.1-29-01;
 - j.h. 0.20 the number of full-time equivalent students who ~~are~~:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be ~~not~~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 are

- (2) Are enrolled in a program of instruction for English language learners;
 - k.i. 0.17 the number of full-time equivalent students enrolled in an early childhood special education program;
 - l.j. 0.070.10 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. 0.079 the number of students enrolled in average daily membership, in order to support the provision of special education services;
 - m.l. 0.07 the number of full-time equivalent students who ~~en~~:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be somewhat more proficient and are 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.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; ~~and~~
 - p. ~~0.002 the number of students enrolled in average daily membership, in order to support technology.~~
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 23. 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 through June 30, 2011) 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 on a test of English language proficiency approved by the superintendent of public instruction are determined to be least proficient and 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. ~~0.25 the number of full-time equivalent students enrolled in an isolated elementary school;~~
 - h. ~~0.25 the number of full-time equivalent students enrolled in an isolated high school;~~
 - i. ~~0.20 the number of full-time equivalent students attending school in a bordering state in accordance with section 15.1-29-01;~~
 - j. ~~0.20 the number of full-time equivalent students who on a test of English language proficiency approved by the superintendent of public instruction are determined to be not proficient and are enrolled in a program of instruction for English language learners;~~
 - k. ~~0.17 the number of full-time equivalent students enrolled in an early childhood special education program;~~
 - l. ~~0.07 the number of students enrolled in average daily membership, in order to support the provision of special education services;~~
 - m. ~~0.07 the number of full-time equivalent students who on a test of English language proficiency approved by the superintendent of public instruction are determined to be somewhat proficient and are enrolled in a program of instruction for English language learners;~~
 - n. ~~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; and~~
 - o. ~~0.002 the number of students enrolled in average daily membership, in order to support technology.~~
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, 2011) 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 ~~en~~:
 - (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 are~~
 - (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. ~~0.25 the number of full-time equivalent students enrolled in an isolated elementary school;~~
 - h. ~~0.25 the number of full-time equivalent students enrolled in an isolated high school;~~
 - i. 0.20 the number of full-time equivalent students attending school in a bordering state in accordance with section 15.1-29-01;
 - ~~j-h.~~ 0.20 the number of full-time equivalent students who ~~en~~:
 - (1) ~~On a test of English language proficiency approved by the superintendent of public instruction are determined to be ~~not~~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 are~~
 - (2) ~~Are~~ enrolled in a program of instruction for English language learners;
 - k-i. 0.17 the number of full-time equivalent students enrolled in an early childhood special education program;
 - j. 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;
 - ~~t-k.~~ ~~0-070.10 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.~~ 0.079 the number of students enrolled in average daily membership, in order to support the provision of special education services;
 - m. 0.07 the number of full-time equivalent students who ~~en~~:

- (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be somewhat more proficient and are 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. 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. 0.006 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
- p. 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; ~~and~~
- ~~p. 0.002 the number of students enrolled in average daily membership, in order to support technology.~~
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 24. AMENDMENT. Section 15.1-27-04 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-04. Per student payment rate.

1. a. The per student payment rate to which each school district is entitled for the first year of the biennium is three thousand ~~two~~nine hundred ~~ten~~ dollars.
- b. The per student payment rate to which each school district is entitled for the second year of the biennium is three thousand ~~seven~~nine hundred ~~seventy-nine~~eighty dollars.
2. In order to determine the state aid payment to which each district is entitled, the superintendent of public instruction shall multiply each district's weighted student units by the per student payment rate set forth in subsection 1.

SECTION 25. AMENDMENT. Section 15.1-27-07.2 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-07.2. Baseline funding - Determination - Minimum and maximum allowable increases.

1. The superintendent of public instruction shall determine each school district's baseline funding per weighted student unit by:
 - a. Adding together all state aid received by the district during the 2006-07 school year;
 - b. Subtracting the amount received by the district during the 2006-07 school year for transportation aid, special education excess cost reimbursements, special education contracts, prior year funding adjustments, and per student payments for participation in educational associations governed by joint powers agreements; and
 - c. Dividing the amount determined under subdivision b by the district's 2007-08 weighted student units.
2.
 - a. The superintendent of public instruction shall ensure that the total amount of state aid payable to a district per weighted student unit, for the 2009-10 school year, is at least equal to one hundred eight percent of the baseline funding per weighted student unit, as established in subsection 1.
 - b. The superintendent of public instruction shall ensure that the total amount of state aid payable to a district per weighted student unit, for each school year after the 2009-10 school year, is at least equal to one hundred twelve and one-half percent of the baseline funding per weighted student unit, as established in subsection 1.
3.
 - a. The superintendent of public instruction shall ensure that the total amount of state aid payable to a district per weighted student unit, less any amount received as equity payments under section 15.1-27-11 per weighted student unit, does not exceed, for the ~~2009-10~~2011-12 school year, one hundred ~~twentyfour~~two percent of the baseline funding per weighted student unit, as established in subsection 1.
 - b. ~~The superintendent of public instruction shall ensure that the total amount of state aid payable to a district per weighted student unit, less any amount received as equity payments under section 15.1-27-11 per weighted student unit, does not exceed, for each school year after the 2009-10 school year, one hundred thirty four percent of the baseline funding per weighted student unit, as established in subsection 1.~~

SECTION 26. AMENDMENT. Section 15.1-27-11 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-11. Equity payments.

1. The superintendent of public instruction shall:
 - a. Divide the imputed taxable valuation of the state by the total average daily membership of all school districts in the state in order to determine the state average imputed taxable valuation per student.
 - b. Divide the imputed taxable valuation of each school district by the district's total average daily membership in order to determine each district's average imputed taxable valuation per student.
2. If a school district's imputed taxable valuation per student is less than ninety percent of the statewide imputed taxable valuation per student, the superintendent of public instruction shall calculate the valuation deficiency by:

- a. Determining the difference between ninety percent of the state average imputed taxable valuation per student and the district's average imputed taxable valuation per student; and
 - b. Multiplying that difference by the district's total average daily membership.
3. Except as provided in subsection 4, the equity payment to which a district is entitled under this section equals the district's valuation deficiency multiplied by the lesser of:
- a. The district's general fund levy for the taxable year 2008; or
 - b. One hundred eighty-five mills.
4. a. The equity payment to which a district is entitled may not exceed the district's taxable valuation multiplied by its general fund levy for the taxable year 2008.
- b. If a district's general fund levy for the taxable year 2008 is less than one hundred eighty-five mills, the superintendent of public instruction shall subtract the district's general fund levy for the taxable year 2008 from one hundred eighty-five mills, multiply the result by the district's taxable valuation, and subtract that result from the equity payment to which the district is otherwise entitled.
- c. If a district's imputed taxable valuation per student is less than fifty percent of the statewide imputed taxable valuation per student, the payment to which the district is entitled under this section may not be less than twenty percent of the statewide imputed taxable valuation per student times the school district's average daily membership, multiplied by one hundred eighty-five mills.
5. In determining the amount to which a school district is entitled under this section, the superintendent of public instruction may not include any payments received by the district as a result of Public Law No. 81-874 [64 Stat. 1100; 20 U.S.C. 236 et seq.] and may not include in the district's average daily membership students who are dependents of members of the armed forces and students who are dependents of civilian employees of the department of defense.
6. In determining the statewide average imputed taxable valuation per student for purposes of this section, the superintendent of public instruction may not include:
- a. Any school district, which if included in the calculation would have an imputed taxable valuation per student that is three times greater than the statewide average imputed taxable valuation per student; and
 - b. Any school district, which if included in the calculation would have an imputed taxable valuation per student that is less than one-fifth of the statewide average imputed taxable valuation per student.
7. For purposes of this section:
- a. "General fund levy" includes a district's high school transportation levy and its high school tuition levy.
 - b. "Imputed taxable valuation" means the valuation of all taxable real property in the district plus:
 - (1) An amount determined by dividing seventy percent of the district's mineral and tuition revenue, revenue from payments in lieu of property taxes on distribution and transmission of electric power, revenue from payments in lieu of taxes from electricity generated from sources other than coal, and revenue received on account of the leasing of lands acquired by the United States for flood control,

navigation, and allied purposes in accordance with 33 U.S.C. 701c-3 by the district's general fund mill levy for the taxable year 2008; and

- (2) An amount determined by dividing the district's revenue from mobile home taxes and telecommunications taxes by the district's general fund mill levy for the taxable year 2008.
- c. "Mineral revenue" includes all revenue from county sources 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.
- d. "Tuition revenue" includes all revenue 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. "Tuition revenue" does not include tuition income received specifically for the operation of an educational program provided at a residential treatment facility.

SECTION 27. 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 public school or school district shall make every effort to reschedule classes so that students receive at least ~~one hundred seventy three~~ the number of full instructional days of instruction required by section 15.1-06-04.
2. 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 or~~ school district, the governor waive the rescheduling in whole or in part.
3. 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 28. 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, 2011) Payments to school districts - Unobligated general fund balance - Report to legislative council.~~

- ~~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 fifty percent of its actual expenditures, plus twenty thousand dollars. Beginning July 1, 2008, 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:

- a. ~~(1) Were received by the district during the school year ending June 30, 2009, on account of the leasing of lands acquired by the United States for flood control, navigation, and allied purposes in accordance with 33 U.S.C. 701c-3; and~~
 - ~~(2) Exceeded the amount received by the district during the school year ending June 30, 2008, for the purpose stated in paragraph 1;~~
 - b. ~~Were received directly by the district from the United States government in accordance with the American Recovery and Reinvestment Act of 2009; or~~
 - c. ~~Were received by the district as supplemental one-time grants under section 52 of S.L. 2009, ch. 175.~~
3. ~~Any district having more than fifty thousand dollars excluded in the determination of its ending fund balance, as required by subsection 2, shall provide a report to the legislative council. The report, which must be presented at the time and in the manner directed by the legislative council, must address how the money was expended, including the number of mills by which the district was able to decrease its property taxes, if such was a permitted use.~~

~~(Effective after June 30, 2011) 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 fifty percent of its actual expenditures, plus twenty thousand dollars. Beginning July 1, 2008, 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 29. A new section to chapter 15.1-27 of the North Dakota Century Code is created and enacted as follows:

Distribution of remaining moneys.

If any money remains in the grants - state aid line item after the superintendent complies with all statutory payment obligations imposed for a biennium, the superintendent shall use the remaining moneys to provide additional per student payments on a prorated basis according to the latest available average daily membership of each school district.

SECTION 30. AMENDMENT. Section 15.1-36-02 of the North Dakota Century Code is amended and reenacted as follows:

15.1-36-02. 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 ~~eight~~twelve million dollars or eighty percent of the actual project cost;
 - b. An interest rate discount equal to at least ~~fiftyone~~ 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 ~~seventen~~ million million dollars or seventy percent of the actual project cost;
 - b. An interest rate buydown equal to at least ~~fiftyone~~ 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 ~~twofour~~ million ~~five hundred thousand~~ dollars or thirty percent of the actual project cost;
 - b. An interest rate discount equal to at least ~~fiftyone~~ 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 31. AMENDMENT. Section 15.1-37-01 of the North Dakota Century Code is amended and reenacted as follows:

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

1. Any person or school district operating an early childhood education program may request approval of the program from the superintendent of public instruction. The superintendent shall approve an early childhood education program if the program:
 - ~~1.a.~~ Is taught by individuals who are licensed to teach in early childhood education by the education standards and practices board;
 - ~~2.b.~~ Follows a developmentally appropriate curriculum; ~~and~~
 - ~~3.c.~~ Is in compliance with all municipal and state health, fire, and safety requirements; ~~and~~
 - d. Limits its enrollment to children who have reached the age of four before August first in the year of enrollment.
2. ~~Per student funding will not be provided to individuals or school districts offering a prekindergarten.~~In determining the state aid payments to which a school district is entitled, the superintendent of public instruction may not count any student enrolled in a regular early childhood education program.

SECTION 32. AMENDMENT. Subsection 1 of section 15.1-37-02 of the North Dakota Century Code is amended and reenacted as follows:

1. The North Dakota early childhood education council consists of:
 - a. A chairman appointed by the governor;
 - b. The superintendent of public instruction, or the superintendent's designee;
 - c. The state health officer, or the officer's designee;
 - d. The director of the department of human services, or the director's designee;
 - e. The North Dakota head start - state collaboration administrator, or the administrator's designee;
 - f. The commissioner of higher education, or the commissioner's designee;
 - g. The commissioner of commerce, or the commissioner's designee;
 - h. The chairman of the senate education committee, or the chairman's designee;
 - h-i. The chairman of the house of representatives education committee, or the chairman's designee; and
 - i-j. The following gubernatorial appointees:

- (1) The superintendent of a school district having at least one thousand students in average daily membership;
- (2) The superintendent of a school district having fewer than one thousand students in average daily membership;
- (3) The superintendent of a school district headquartered on a reservation or including reservation land within its boundaries;
- (4) ~~The principal of a school district;~~
- (5) ~~An individual employed as an elementary school teacher;~~
- (6) An individual representing a non-religious-based provider of ~~preschool~~early childhood education;
- ~~(7)~~(5) An individual representing a religious-based provider of ~~preschool~~early childhood education;
- ~~(8)~~(6) An individual representing a center-based licensed child care provider;
- ~~(9)~~(7) An individual representing a home-based licensed child care provider;
- ~~(10)~~(8) An individual representing a reservation-based head start program;
- ~~(11)~~(9) An elected member of a school board;
- ~~(12)~~(10) The parent of a child not yet enrolled in elementary school; ~~and~~
- ~~(13)~~(11) The parent of a child with ~~special-needs~~disabilities not yet enrolled in elementary school.; ~~and~~
- (12) An individual representing children with disabilities.

SECTION 33. AMENDMENT. Section 15.1-37-03 of the North Dakota Century Code is amended and reenacted as follows:

15.1-37-03. Council - Duties.

The council shall:

1. Review the ~~delivery~~availability and provision of early childhood education, ~~care, and services~~ in this state;
2. ~~Conduct a needs assessment;~~
3. ~~Review early childhood education standards and propose revisions to the standards as needed;~~
4. ~~Review~~Identify opportunities for public and private sector collaboration in the ~~delivery~~provision of early childhood education, ~~care, and services~~ in this state;
5. ~~Develop a comprehensive plan governing the delivery of early childhood education in this state; and~~
- 6-3. Identify ways to assist with the recruitment and retention of individuals interested in working as providers of early childhood education, care, and services, including training and continuing education or professional development opportunities;

4. Seek the advice and guidance of individuals who are uniquely familiar with the nature, scope, and associated challenges of providing early childhood education, care, and services in geographically and socioeconomically diverse settings, and develop recommendations pertaining to the short-term and longer-term improvement and expansion of early childhood education, care, and services in this state; and
5. Provide a biennial report regarding its activities findings and recommendations to the governor and the legislative council assembly.

SECTION 34. APPROPRIATION - SCHOOL DISTRICT RAPID ENROLLMENT GROWTH - GRANTS. There is appropriated out of any moneys in the oil and gas impact grant fund in the state treasury, not otherwise appropriated, the sum of \$5,000,000, or so much of the sum as may be necessary, to the superintendent of public instruction for the purpose of providing a grant to any school district that can demonstrate rapid enrollment growth, for the biennium beginning July 1, 2011, and ending June 30, 2013.

1. If the number of full-time equivalent students enrolled in a school district has increased by at least seven percent annually and if that increase is equal to at least twenty-five full-time equivalent students, as demonstrated by the district's September tenth fall enrollment report, the district is entitled to receive a grant equal to the per student payment provided for in section 15.1-27-04 multiplied by the actual increase in its full-time equivalent student enrollment.
2. If the amount of the appropriation provided for in this section is insufficient to meet the obligations of this section, the superintendent of public instruction shall prorate the payment based on the percentage of the total amount to which each school district is entitled.
3. The superintendent of public instruction may not expend more than \$2,500,000 in grants under this section during the first year of the biennium.
4. Any district that is precluded from receiving state aid under section 15.1-27-35.3 is not eligible to receive a grant under this section.

SECTION 35. APPROPRIATION - GEARING UP FOR KINDERGARTEN. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$625,000, or so much of the sum as may be necessary, to the superintendent of public instruction for the purpose of supporting the gearing up for kindergarten program provided by the North Dakota state university extension service, for the biennium beginning July 1, 2011, and ending June 30, 2013. The North Dakota state university extension service may use up to \$125,000 of the amount appropriated for administrative purposes.

SECTION 36. TRANSPORTATION GRANTS - DISTRIBUTION.

1. During each year of the 2011-13 biennium, the superintendent of public instruction shall calculate the payment to which each school district is entitled based on the state transportation formula as it existed on June 30, 2001, except that the superintendent shall provide reimbursement at the rate of:
 - a. One dollar and three cents per mile for schoolbuses having a capacity of ten or more passengers;
 - b. Forty-six cents per mile for vehicles having a capacity of nine or fewer passengers;
 - c. Forty-six cents per mile, provided:
 - (1) The student being transported is a student with a disability, as defined in chapter 15.1-32;

- (2) The student's individualized education program plan requires that the student attend a public or a nonpublic school located outside the student's school district of residence;
 - (3) The student is transported by an adult member of the student's family;
 - (4) The student is transported in a vehicle furnished by the student's parents;
 - (5) The student's transportation is paid for by the student's parents; and
 - (6) The reimbursement does not exceed two round trips daily between the student's home and school.
- d. Forty-six cents per mile, one way, provided:
- (1) The student being transported resides more than two miles from the public school that the student attends;
 - (2) The student is transported by an adult member of the student's family;
 - (3) The student is transported in a vehicle furnished by the student's parents; and
 - (4) The student's transportation is paid for by the student's parents; and
- e. Twenty-six cents per student for each one-way trip.
2. The superintendent of public instruction shall use the latest available student enrollment count in each school district in applying the provisions of subsection 1.
 3. If any moneys provided for transportation payments in the grants transportation line item in the appropriation bill for the superintendent of public instruction, as approved by the sixty-second legislative assembly, remain after application of the formula provided for in this section, the superintendent of public instruction shall prorate the remaining amounts according to the percentage of the total transportation formula amount to which each school district is entitled.
 4. This section does not authorize the reimbursement of any costs incurred in providing transportation for student attendance at extracurricular activities or events.

SECTION 37. ISOLATED SCHOOLS - TRANSITION PAYMENTS.

1. If during the 2010-11 school year a school district received payments as a result of section 15.1-27-15, as the section existed on June 30, 2011, and if that district is not eligible for the factor established under subdivision j of subsection 1 of section 15.1-27-03.1, the district is entitled to the following transition payments:
 - a. For the 2011-12 and 2012-13 school years, an amount equal to that which the district would have received under section 15.1-27-15, as the section existed on June 30, 2011;
 - b. For the 2013-14 school year, an amount equal to seventy-five percent of that which the district would have received under section 15.1-27-15, as the section existed on June 30, 2011;
 - c. For the 2014-15 school year, an amount equal to fifty percent of that which the district would have received under section 15.1-27-15, as the section existed on June 30, 2011; and
 - d. For the 2015-16 school year, an amount equal to twenty-five percent of that which the district would have received under section 15.1-27-15, as the section existed on June 30, 2011.

2. Upon the closure of a school that met the definition of isolated under section 15.1-27-15, as it existed on June 30, 2011, the superintendent of public instruction shall cease to provide to the district the transition payments established under subsection 1.

SECTION 38. ALTERNATIVE MIDDLE SCHOOL - GRANTS.

1. During the second year of the 2011-13 biennium, the superintendent of public instruction shall expend up to \$300,000 from the grants - other grants line item in the appropriation bill for the superintendent of public instruction, as approved by the sixty-second legislative assembly, for the purpose of providing a grant to any school district that offers an alternative education program for students enrolled in grades six through eight.
2. In order to determine the amount that a school district may receive under this section, the superintendent of public instruction shall multiply by a factor of .15 the number of students in grades six through eight who are enrolled in an alternative education program for at least fifteen hours per week.
3. If the expenditure authorized in this section is insufficient for providing grants to all eligible school districts, the superintendent of public instruction shall prorate the grants based on the percentage of the total to which each school district is entitled.

SECTION 39. USE OF NEW MONEY - TEACHER COMPENSATION INCREASES - REPORTS TO THE LEGISLATIVE MANAGEMENT.

1. During the 2011-13 biennium, the board of each school district shall use an amount equal to at least seventy percent of all new money received by the district for per student payments to increase the compensation paid to teachers and to provide compensation to teachers who begin employment with the district on or after July 1, 2011.
2. For purposes of this section, the superintendent of public instruction shall calculate the amount of new money available during the 2011-13 biennium by:
 - a. Determining the total amount of dollars in the grants - state school aid line item in the 2011-13 appropriation bill for the superintendent of public instruction, as approved by the sixty-second legislative assembly and subtracting from that amount:
 - (1) Equity payments;
 - (2) Regional education association moneys and grants;
 - (3) PowerSchool acquisition, implementation, and utilization moneys; and
 - (4) Contingent distributions;
 - b. Determining the total amount of dollars in the grants - state school aid line item and in the grants - supplemental line item in the 2009-11 appropriation bill for the superintendent of public instruction, as approved by the sixty-first legislative assembly and subtracting from that amount:
 - (1) Equity payments;
 - (2) Regional education association moneys and grants;
 - (3) Technology support payments; and
 - (4) Contingent distributions; and
 - c. Subtracting the amount arrived at under subdivision b from the amount arrived at under subdivision a.

3. School districts providing educational services under a cooperative agreement approved by the superintendent of public instruction must, for purposes of this section, be treated as a single district.
4.
 - a. This section does not apply to a school district if the board of the school district, after a public hearing at which public testimony and documentary evidence are accepted, determines in its discretion and by an affirmative vote of two-thirds of the members of the board that complying with subsection 1 would place the school district in the position of having insufficient fiscal resources to meet the school district's other obligations.
 - b. Within ten days of the vote required by subdivision a, the school board shall notify the superintendent of public instruction of its action and shall file a report detailing the grounds for its determination and action.
 - c. The superintendent of public instruction shall report all notices received under this subsection to the legislative management.

SECTION 40. EDUCATION FUNDING AND TAXATION COMMITTEE - CREATION - STUDY.

1. The education funding and taxation committee consists of the following eight members:
 - a. The house majority leader or the leader's designee selected from among the members of the house education committee or the house finance and taxation committee;
 - b. The house minority leader or the leader's designee selected from among the members of the house education committee or the house finance and taxation committee;
 - c. The senate majority leader or the leader's designee selected from among the members of the senate education committee or the senate finance and taxation committee;
 - d. The senate minority leader or the leader's designee selected from among the members of the senate education committee or the senate finance and taxation committee;
 - e. The chairman of the house education committee, or the chairman's designee;
 - f. The chairman of the house finance and taxation committee, or the chairman's designee;
 - g. The chairman of the senate education committee, or the chairman's designee; and
 - h. The chairman of the senate finance and taxation committee, or the chairman's designee.
2. The chairman of the legislative management shall select one from among the voting members to serve as the chairman of the committee.
3. The committee shall operate according to the statutes and procedure governing the operation of other legislative management interim committees.
4. The committee shall examine short-term and longer-term state and local involvement in funding elementary and secondary education. The committee shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the legislative management.

SECTION 41. ADULT EDUCATION - STUDY. During the 2011-12 interim, the legislative management shall consider studying the provision and funding of adult education. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the legislative management.

SECTION 42. ALTERNATIVE EDUCATION - MIDDLE SCHOOL - DATA COLLECTION - REPORT.

1. The superintendent of public instruction shall collect data regarding the provision of services to students in grades six through eight who are enrolled in an alternative education program for at least an average of fifteen hours per week. The data must include:
 - a. The number of school districts offering alternative education programs to students in grades six through eight;
 - b. The number of students in grades six through eight who are enrolled in alternative education programs;
 - c. The number of students in grades six through eight who are enrolled in alternative education programs and who are eligible for free or reduced lunches under the Richard B. Russell National School Lunch Act [42 U.S.C. 1751 et seq.];
 - d. The average number of hours per week that students in grades six through eight are spending in alternative education programs;
 - e. A quantification of the students' academic accomplishments; and
 - f. Any reductions in the number of students enrolled in alternative high schools.
2. Before October 1, 2012, the superintendent of public instruction shall report the data to the legislative management.

SECTION 43. REPEAL. Section 5 of this Act and sections 15.1-18.2-01, 15.1-18.2-02, and 15.1-18.2-03 of the North Dakota Century Code are repealed.

SECTION 44. REPEAL. Section 15.1-27-15 of the North Dakota Century Code is repealed.

SECTION 45. EFFECTIVE DATE. Section 22 of this Act becomes effective on July 1, 2012. Section 43 of this Act becomes effective on July 1, 2013.

SECTION 46. EFFECTIVE DATE - EXPIRATION DATE. Section 23 of this Act is effective on July 1, 2013, through June 30, 2015, and after that date is ineffective.

SECTION 47. EMERGENCY. Sections 27 and 40 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-second Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2150 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 79 Nays 14 Absent 1

Speaker of the House

Chief Clerk of the House

Received by the Governor at _____ M. on _____, 2011.

Approved at _____ M. on _____, 2011.

Governor

Filed in this office this _____ day of _____, 2011,

at _____ o'clock _____ M.

Secretary of State