

HOUSE BILL NO. 1160

Introduced by

Education Committee

(At the request of the Superintendent of Public Instruction)

1 A BILL for an Act to create and enact sections 15.1-12-18.1 and 15.1-12-26.1, a new
2 subsection to section 15.1-12-27, and section 15.1-12-28.1 of the North Dakota Century Code,
3 relating to the reimbursement by reorganized and dissolving school districts of unemployment
4 compensation benefits paid by job service North Dakota; and to amend and reenact sections
5 15.1-12-11 and 15.1-12-28 and subsection 1 of section 15.1-12-29 of the North Dakota Century
6 Code, relating to notification of job service North Dakota, the distribution of a fund of the
7 dissolved school district, and the credit to taxpayers of the dissolved school district.

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

9 **SECTION 1. AMENDMENT.** Section 15.1-12-11 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **15.1-12-11. School district reorganization - Approved plan - Special election -**
12 **Formation of new district.**

13 1. If the state board approves a reorganization plan, the state board shall notify each
14 county superintendent of schools having jurisdiction over real property in the
15 proposed new district. A county superintendent receiving notice under this section
16 shall call a special election in order that the electors residing within the boundaries
17 of the proposed new district may approve or reject the reorganization plan. The
18 election must be held between July first and December thirty-first of the year in
19 which the plan is approved by the state board. If there are insufficient days left in
20 the year to meet the notice requirements of this section, the election must be held
21 the following year.

22 2. If the state board approves a reorganization plan, the state board shall notify job
23 service North Dakota of the names of the school districts planning to reorganize,
24 the election date proposed in the reorganization plan, the proposed effective date

1 of the reorganization, and the proposed name of the new reorganized school
2 district.

3 3. The county superintendent shall give notice of the election by publishing the time,
4 date, and place of the election in the official newspaper of the county, at least
5 fourteen days before the date of the election.

6 ~~3.~~ 4. The election notice must:

7 a. State that the election has been called for the purpose of approving or
8 rejecting a plan to form a new school district;

9 b. Describe the boundaries of the proposed new district; and

10 c. Include a statement describing the adjustment of property, debts, and
11 liabilities proposed in the plan, together with the proposed tax levy.

12 ~~4.~~ 5. The county superintendent shall appoint judges and clerks of the election. The
13 election must be conducted in the same manner and the polls must open and close
14 at the same time as specified for school district elections.

15 ~~5.~~ 6. The result of the elections must be certified by the participating school boards and
16 delivered to the county superintendent within three days after the closing of the
17 polls.

18 ~~6.~~ 7. If a majority of electors residing within each school district vote to approve the
19 reorganization plan, the county superintendent shall make the necessary
20 adjustments of property, debts, and liabilities and perform all duties required by law
21 in order to establish and organize the new school district. The county
22 superintendent shall also notify job service North Dakota regarding the results of
23 the election and, if the reorganization is approved, shall indicate the effective date
24 of the reorganization and the name of the new reorganized school district.

25 **SECTION 2.** Section 15.1-12-18.1 of the North Dakota Century Code is created and
26 enacted as follows:

27 **15.1-12-18.1. Reorganizing school districts to contact job service North Dakota -**
28 **Liability of new reorganized school district for reimbursement of unemployment**
29 **compensation benefits paid.** The reorganizing school districts shall contact job service North
30 Dakota for its estimation of the new reorganized school district's potential obligation to job
31 service North Dakota for reimbursement of unemployment compensation benefits that could

1 potentially be paid by job service North Dakota to employees of the reorganizing school
2 districts. The new reorganized school district shall reimburse job service North Dakota for
3 unemployment compensation benefits paid by job service North Dakota to former employees of
4 the school districts which reorganized and for which the reorganizing school districts would
5 have been liable, including any delinquent reimbursement payments.

6 **SECTION 3.** Section 15.1-12-26.1 of the North Dakota Century Code is created and
7 enacted as follows:

8 **15.1-12-26.1. Dissolving school district to contact job service North Dakota.**

9 Before the hearing before the county committee, the dissolving school district shall contact job
10 service North Dakota for its estimation of the school district's potential obligation to job service
11 North Dakota for reimbursement of unemployment compensation benefits that could potentially
12 be paid by job service North Dakota to school district employees.

13 **SECTION 4.** A new subsection to section 15.1-12-27 of the North Dakota Century Code
14 is created and enacted as follows:

15 The state board shall provide a copy of its final findings of fact, conclusions of law,
16 and order regarding the dissolution to job service North Dakota. If not otherwise
17 included in the findings of fact, the state board shall also provide job service North
18 Dakota with information on the distribution and valuation of property from the
19 dissolving district to the receiving districts.

20 **SECTION 5. AMENDMENT.** Section 15.1-12-28 of the North Dakota Century Code is
21 amended and reenacted as follows:

22 **15.1-12-28. Dissolution of school district - Unobligated cash balance -**

23 **Distribution.**

24 1. Any unobligated cash balance not exceeding ten thousand dollars must be held in
25 a separate fund by the auditor of the county having the greatest share of the
26 dissolved school district's land. The county auditor shall hold the fund for one year
27 after the effective date of the dissolution. During that year, the county auditor shall
28 accept assets and pay unresolved debts attributable to the dissolved school
29 district.

30 2. After one year, the county auditor shall distribute the remaining cash balance as
31 follows:

- 1 a. If the dissolving school district did not have sufficient funds for the
2 reimbursement account set up under section 15.1-12-28.1, then as much of
3 the remaining cash balance as would be necessary to pay the estimated
4 obligation to job service North Dakota must be deposited in the
5 reimbursement account. Unless otherwise directed by the order of
6 dissolution, any remaining cash balance must be distributed to the receiving
7 school districts in the same percentage as the taxable valuation received at
8 the time of the attachment order.
- 9 b. If the reimbursement account in section 15.1-12-28.1 was fully funded by the
10 dissolving school district, the county auditor shall distribute the remaining
11 cash balance among the school districts to which the real property of the
12 dissolved district was attached. Unless otherwise directed by the order of
13 dissolution, the distribution to each shall be the same percentage as the
14 taxable valuation at the time of the attachment order.

15 **SECTION 6.** Section 15.1-12-28.1 of the North Dakota Century Code is created and
16 enacted as follows:

17 **15.1-12-28.1. Dissolving school district to set up reimbursement account for**
18 **benefit of job service North Dakota - Liability of receiving school districts if funds are**
19 **insufficient.**

- 20 1. After the dissolution is approved by the state board and after ten thousand dollars
21 is set aside as provided for in section 15.1-12-28, the school district shall set aside
22 in a reimbursement account the amount of money estimated by job service North
23 Dakota to reimburse job service North Dakota for unemployment compensation
24 benefits that could potentially be paid by job service North Dakota to school district
25 employees, as indicated in section 15.1-12-26.1. The school district shall set aside
26 that money in a reimbursement account with the North Dakota school boards
27 association or with the county auditor and shall notify job service North Dakota of
28 the account's location.
- 29 2. The money must be held for two and one-half years from the effective date of the
30 dissolution and must be used to reimburse job service North Dakota for
31 unemployment compensation benefits paid by job service North Dakota to former

- 1 employees of the dissolved school district for which the dissolved school district
2 would have been liable, including any delinquent reimbursement payments.
- 3 3. After the two and one-half year period, moneys remaining in the account must be
4 distributed to the school districts that received the dissolving school district's land,
5 in the same proportion as taxable valuation received by the school districts.
- 6 4. If the money in the account is not sufficient to reimburse job service North Dakota
7 for all unemployment compensation claims paid, then the school districts that
8 received the dissolving school district's land must pay the balance to job service
9 North Dakota in the same proportion as taxable valuation received by the school
10 districts.

11 **SECTION 7. AMENDMENT.** Subsection 1 of section 15.1-12-29 of the North Dakota
12 Century Code is amended and reenacted as follows:

- 13 1. Any unobligated cash balance ~~in excess of~~ remaining after ten thousand dollars is
14 set aside under section 15.1-12-28 and the required amount is deposited in the
15 reimbursement account for job service North Dakota under section 15.1-12-28.1 is
16 a credit for real property owners within the boundaries of the dissolved school
17 district against taxes levied by the district in which their property is now situated.
18 The county auditor shall base the credit on the five-year average of the total mills
19 levied for education by the dissolved district. If property from the dissolved district
20 is attached to more than one school district, the credit that eligible real property
21 owners receive must be the same percentage of the unobligated cash balance as
22 the taxable valuation of the individual's property bears to the total taxable valuation
23 of the dissolved district's property at the time of the attachment order.