

Testimony
House Bill 1337
3/10/2021 – 2:30 pm– 216
Senate Education Committee
By Frank Schill
Superintendent of Edmore Public School

Chairman Schaible, Members of the Senate Education Committee:

I am Frank Schill, Superintendent of Edmore Public School. I am here to testify in favor of HB 1337 thus giving authority to a local school district the ability to transfer funds to another political subdivision and to sell real property for less than fair market value.

As the Edmore school district continues to experience declining enrollment the school board has directed me to explore options for the board and community to consider if and when the school district nears insolvency. The Edmore school board contacted Representative Johnson to seek an Attorney General's opinion clarifying the authority of a local school board regarding the sale of real property and transferring of funds to another political subdivision. The Attorney General rendered an opinion (attachment #1). This decision led to the introduction of HB1337 requesting that the North Dakota legislative body consider amending present century code to allow a local school district additional flexibility with regards to the use of district assets.

At the present time, North Dakota century code allows for two options when a community determines that it is time for their school to close.

One option is for a community to reorganize with a neighboring school district whose boundaries are contiguous. Present century code (15.1-12-7) relating to reorganizations allows for the sale of real property from one district to another public entity for less than market value. Century code also allows for details to be outlined in the reorganization plan of the newly organized school district to maintain and keep open facilities listed in the plan, but the newly formed school board is only obligated to follow the details of the plan for up to five years. Century code does not allow for the transference of monies from the building fund of the school district to another political subdivision through the use of a Joint Powers Agreement.

The second option is for a community to dissolve the school district. Century code (15.1-12-27) does not allow for the sale of real property from one district to political subdivision for less than market value and does not allow for the transference of monies from the building fund of the school district to another political subdivision through the use of a Joint Powers Agreement.

By allowing for the sale of real property and the transferring of building funds to another political subdivision to be used expressly for the real property the dissolving district and community would have the ability to utilize the building for a community center for a period of time. It would also allow, if necessary, the ability to demolish a portion or the entire building if it is deemed necessary.

I would suggest two amendments be added:

1. Place a cap of no more than \$500,000 from the building fund that can be transferred, through the use of a Joint Powers agreement to another political subdivision.
2. The plan to sell the building for less than market value and transfer funds be approved by the majority vote of the district patrons.

The passing of HB1337 would provide additional local control for district patrons while they make the tough decisions regarding the closure of their school and the future of their community.

Thank you for the opportunity to submit this testimony. I can now stand for questions.