

### **HB 1461 Testimony**

Chairman Headland and members of the House Finance and Taxation Committee, for the record my name is Brandt Dick, North Dakota Small Organized Schools (NDSOS) Board President, and North Dakota Association of School Administrators Legislative Focus Group finance chair. I am here to speak in opposition to HB 1461.

Below is a chart that shows and explains the challenges of placing a cap when compared to actual valuation growth. I have titled the W affect for West Fargo, Watford City, and Williston as examples of three districts who have experienced great taxable valuation growth the last 10 years and may well continue to see growth moving forward. The chart shows what would happen with the proposed 5% growth index if that district had a 10% growth in valuation every year. By the end of the two years in which this bill proposes this is in effect, using \$300 million as a base taxable valuation, this “fictitious” W school district would have their deduction pushed down to 54.7 mills, and would cost the state an additional \$2.8 million compared to language that would deduct 60 mills converted to a dollar amount each year, or the school district would be shorted \$2.8 million as the 5% would keep them from being able to levy 60 mills.

<b><u>The W affect</u></b>					
<b><u>Year</u></b>	<b><u>% Increase</u></b>	<b><u>Baseline Year TV</u></b>	<b><u>60 mill deduction + 5%</u></b>	<b><u>Mill Deduction Actual</u></b>	<b><u>If 60 mill</u></b>
2022		\$300,000,000	\$18,000,000	60	
2023	10%	\$330,000,000	\$18,900,000	57.3	\$19,800,000
2024	10%	\$363,000,000	\$19,845,000	54.7	\$21,780,000
			<b>\$38,745,000</b>		<b>\$41,580,000</b>
				<b>Difference</b>	<b>\$2,835,000</b>

The chart above shows the challenge of any “caps” on deductions and levying authority for rapidly growing districts as identified in Section 6 of the Fiscal Note as prepared by Adam Tescher. I will stand for any questions.