

HB 1192 Testimony

Chairman Dockter and members of the committee, for the record my name is Brandt Dick, Superintendent of Underwood School District, North Dakota Small Organized Schools's Board President, and North Dakota Association of School Administrators Legislative Focus Group finance chair. I am here to speak in opposition of HB 1192.

This bill limits local authority's ability to increase the taxes, and limits growth of the taxable valuation without a yearly vote of the people of that school district. School Districts would be subject to the decreased amount from the current 12% to 0. School districts currently have limitations in the total amount they can levy in their general fund—70 mills of their taxable valuation, and a cap of 12 mills in the Miscellaneous Levy. Once a school district is levying at these caps, the only way to go above these caps is by the vote of the people.

The first reason I oppose this bill is that locally elected school board members should have the authority to set their budget as needed to effectively run their local school districts. The present 12% is accepted and decreasing the limit to 0 would further erode the authority of locally elected school boards.

On line 18 of page one, this bill references section 15.1-27-04.3. This part of code was put into law this past legislative session to deal with the inequities that a 12% cap caused school districts across the state. These statistics are from the 2020 Finance Facts. For example, McKenzie County School District (Watford City) is at 37 general fund mills, while Underwood is at 64 general fund mills. This difference is because Watford City grew much faster than the 12% cap for many years. A 0 increase would have made that difference so much greater than the current 27 mill difference.

As an example, in Underwood, I provide a revenue forecast of what authority the local school district has in asking for additional local tax dollars. I have been at Underwood School District since 2011, and the board has yet to levy the maximum amount the law would have allowed them to. Local school boards are accountable to local taxpayers, and they need the authority to be able to levy what is needed to adequately fund their schools. Local control is what is needed for school district budgets.

The second and more pressing need for 94 school districts in the state is the reality that cuts in revenue from the state are forthcoming. There are 94 school districts that are considered transition minimum schools, and receive \$49.2 million dollars in additional revenue. These schools, due to hold harmless clauses, baseline funding levels set, etc. are receiving more revenue than the school funding formula generates. The 66th Legislative Assembly adjusted this for these school districts so that beginning in 2021-22, these districts would see an annual 15% cut in the amount of excess dollars they are currently receiving from the state. Underwood is a transition minimum school district in that we receive an additional \$345,536 than if we were on the formula. This next school year, that amount will be cut by 15%, then an additional 15% until we are on the formula in seven years. While we know this is coming, we have tried to make sure we do not ask for these dollars until the cuts happen. This bill would hurt our ability to ask for these dollars we are being cut to maintain our present budget, not even accounting for the cost-of-living increases needed.

In conclusion, I feel the present 12% limit, as well as other caps and limitations are sufficient, and further reductions are not needed. Also, is the state willing to pay the additional \$37 million fiscal note that is associated with this bill to pay for the loss of the 60-mill contribution by local property taxes? I will stand for questions.