

HB 1158 Testimony

Chairman Bekkedahl and members of the Senate Appropriations 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 support of HB 1158 with some considerations for this committee.

NDSOS and the Focus Group are supportive of the effort to provide property tax relief to the taxpayers of public-school districts across the state. School leaders realize that a major portion of each person’s property tax does go towards the amount that the state sets forth for local effort in the State Funding Formula – presently 60 mills or 6% of the taxable valuation of a district, and we believe taxpayers would benefit from the change.

My first Superintendent job was in 2008 at HMB, and at that point public school districts could levy 185 mills, or 18.5% of their taxable valuation for their general fund. This then was reduced to 110 mills, or 11%, to the present 60 mills or 6%.

A consideration I have for this committee is looking at page 14, line 15, and what 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 2031, using \$150 million as a base taxable valuation, this “fictitious” W school district would have their deduction pushed down to 26.3 mills or 2.63% of their taxable valuation, and would cost the state an additional \$14.1 million compared to language that would deduct 40 mills converted to a dollar amount each year.

Property tax was the most common concern I have heard from taxpayers, and HB 1158 would provide tax relief to those taxpayers. I urge a Do Pass for HB 1158 with the consideration to drop the arbitrary 5% growth factor and instead deduct 40 mills¹. I stand for any questions.

The W affect

<u>Year</u>	<u>% Increase</u>	<u>Baseline Year TV</u>	<u>40 mill deduction + 5%</u>	<u>Mill Deduction Actual</u>	<u>If 40 mill</u>
2022		\$150,000,000	\$6,000,000	40	
2023	10%	\$165,000,000	\$6,300,000	38.2	\$6,600,000
2024	10%	\$181,500,000	\$6,615,000	36.4	\$7,260,000
2025	10%	\$199,650,000	\$6,945,750	34.8	\$7,986,000
2026	10%	\$219,615,000	\$7,293,038	33.2	\$8,784,600
2027	10%	\$241,576,500	\$7,657,689	31.7	\$9,663,060
2028	10%	\$265,734,150	\$8,040,574	30.3	\$10,629,366
2029	10%	\$292,307,565	\$8,442,603	28.9	\$11,692,303
2030	10%	\$321,538,322	\$8,864,733	27.6	\$12,861,533
2031	10%	\$353,692,154	\$9,307,969	26.3	\$14,147,686
			\$75,467,355		\$89,624,548
				Difference	\$14,157,192