

## SB 2066 Testimony

Chairman Kannianen and members of the Senate 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 support of SB 2066 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, and believe taxpayers would benefit from the change, provided that other taxing entities do not take advantage and raise their budgets since schools would be lowering their taxes requested-as the concern raised by Governor Burgum.

We are also supportive of the idea to convert the mills to a dollar amount for purposes of budgeting and asking for those dollars when budgets are submitted. Many of our school Superintendents and/or Business Managers already provide this conversion during the budget hearing process.

I have two considerations for this committee, and they both deal with the 5% yearly increase. One is for those districts that are below the 5% increase in taxable valuation, and the other is for those above the 5% taxable valuation increase. I believe an amendment will be presented that applies to this first situation. The amendment is needed to protect those school districts from having to levy more than the dollar amount the 30 mills would generate.

The second consideration I have for this committee is looking at 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 \$100 million as a base taxable valuation, this "fictitious" W school district would have their deduction pushed down to 19.7 mills, and would cost the state an additional \$7 million compared to language that would deduct 30 mills converted to a dollar amount each year.

Property tax was the most common concern I have heard from taxpayers, and SB 2066 would provide tax relief to those taxpayers. I urge a Do Pass for SB 2066 with the considerations. I stand for any questions.

### The W affect

<b>Year</b>	<b>% Increase</b>	<b>Baseline Year TV</b>	<b>30 mill deduction + 5%</b>	<b>Mill Deduction Actual</b>	<b>If 30 mill</b>
2022		\$100,000,000	\$3,000,000	30	
2023	10%	\$110,000,000	\$3,150,000	28.6	\$3,300,000
2024	10%	\$121,000,000	\$3,307,500	27.3	\$3,630,000
2025	10%	\$133,100,000	\$3,472,875	26.1	\$3,993,000
2026	10%	\$146,410,000	\$3,646,519	24.9	\$4,392,300
2027	10%	\$161,051,000	\$3,828,845	23.8	\$4,831,530
2028	10%	\$177,156,100	\$4,020,287	22.7	\$5,314,683
2029	10%	\$194,871,710	\$4,221,301	21.7	\$5,846,151
2030	10%	\$214,358,881	\$4,432,366	20.7	\$6,430,766
2031	10%	\$235,794,769	\$4,653,985	19.7	\$7,073,843
			<b>\$37,733,678</b>		<b>\$44,812,274</b>
				Difference	<b>\$7,078,596</b>