



NDSBA
**NORTH DAKOTA SCHOOL
BOARDS ASSOCIATION**

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HB 1176

**Testimony of Amy De Kok
House Finance & Taxation
January 14, 2025**

Chairman Headland and members of the House Finance & Taxation Committee, my name is Amy De Kok. I am the executive director of the North Dakota School Boards Association. NDSBA represents all 168 North Dakota public school districts and their governing boards. Thank you for the opportunity to provide testimony regarding House Bill 1176. I write to express support for the property tax relief provisions within this bill while highlighting some concerns about the reform provisions, particularly how those provisions affect public school districts.

Let me start by saying that NDSBA and its members recognize the importance of addressing the burden of property taxes on the residents of North Dakota. We, like our other local political subdivision colleagues, want to have a seat at the table and provide input as this Committee and the Assembly navigate through these relief and reform efforts. The property tax relief components of HB 1176 represent an important step toward addressing the tax burden on North Dakota residents. These measures will provide meaningful assistance to property owners.

Property taxes are a critical funding source for local services, including schools, law enforcement, fire protection, road maintenance, and public parks. Property taxes levied by public school districts, on average, pay for approximately 25% of the cost of K-12 education in North Dakota. Having said that, NDSBA recognizes the desire and need to not just provide relief, but reform. However, I must express concerns about the reform provisions set forth in HB 1176 starting on page 28, in Section 18, specifically those relating to caps placed on local government levies. These provisions, as currently written, treat all taxing districts the same and do not adequately account for the unique position and constitutional obligations of public-school districts. I would like to bring several critical points to the Committee's attention: First, public school districts already operate under a levy cap. Current law caps school districts' ability to increase their general fund levy at 12% of the amount levied in the previous year, up to a limit of 70 mills. This is reflected in NDCC section 57-15-14.2. Adding additional levy restrictions would create an undue burden on school districts already working within strict financial constraints.

Additionally, any meaningful reform must include safeguard provisions to address unforeseen circumstances that schools regularly face. These include:

- Unexpected but necessary expenses such as major facility repairs or equipment replacements
- Rapid or unanticipated increases in student enrollment
- Fluctuating enrollment patterns that can create sudden demands for additional staffing, classroom space, or specialized services
- Emergency situations requiring immediate action to maintain student safety or educational continuity

Without such safeguards, districts could find themselves unable to respond effectively to changing circumstances or meet their constitutional obligations to provide appropriate educational services to all students. While property tax reform is an important goal, it must be pursued in a way that recognizes the unique position and obligations of public-school districts. The current proposal risks creating unintended consequences that could significantly impact our ability to fulfill our constitutional mandate to educate North Dakota's children.

I respectfully request that the Committee carefully consider these concerns and modify the reform provisions to better account for the distinct circumstances and obligations of public-school districts. Thank you for your consideration of these important issues. I would be happy to provide additional information or answer any questions you may have.

Levy Limitations

2100 - School District				
Levy No	Fund Or Purpose	Maximum Rate Or Amount	Law	Remarks (x) Indicates levies in add. to Gen. Fund Levy
2101	General Fund - Provision of Educational Services	Amount in dollars levied for the prior year plus 12% up to 70 mills	N.D.C.C. § 57-15-14.2(1)	The board of a school district may levy a tax not exceeding the amount in dollars from the prior year, plus 12% and the dollar amount of the adjustment required in N.D.C.C. §§ 15.1-27-04.3 and 57-15-14.2(1).
2103	Tuition	None	N.D.C.C. §§ 15.1-29-15; 57-15-14.2(4)	(x)
2104	Judgments	None	N.D.C.C. § 21-03-06(7)	(x)
2107	Special Assessments on School Property	None	N.D.C.C. § 57-15-41	(x)
2108	Building Fund	20 Mills if approved by 60% of qualified electors voting upon the question at a regular or special election in any school district	N.D.C.C. §§ 57-15-16 and 15.1-09-49	(x) Pursuant to N.D.C.C. § 15.1-09-49, the Board of Education in the city of Fargo may levy no more than 15 mills for purchasing, leasing, enlarging, altering, and repairing sites and buildings, in addition to the 20 mills authorized by N.D.C.C. § 57-15-16 for a school building fund.
2109	Bond Sinking and Interest	None	N.D.C.C. §§ 21-03-15; 57-15-14.4; 57-15-14.2(5)(b)	(x) Includes mills necessary to pay P&I on any bonded debt incurred under N.D.C.C. § 57-15-17.1 before July 1, 2013.
2110	Special Reserve Fund	3 Mills	N.D.C.C. §§ 57-19-01; 57-15-14.2(3)	(x) The fund balance may not exceed the amount produced by a levy of 15 mills.
2111	Miscellaneous Fund	12 mills	N.D.C.C. § 57-15-14.2(2)	(x)
2112	Safety Plan Fund	5 mills	N.D.C.C. §§ 15.1-09-60; 57-15-14.2(5); 57-15-15.1	(x) The school board of a school district may levy taxes for a school safety plan fund when approved by a majority of the qualified electors of a school district at any regular or special school district election. Approval or reauthorization by electors may not be effective more than five taxable years. N.D.C.C. § 57-15-15.1.