

2017 SENATE EDUCATION

SB 2150

2017 SENATE STANDING COMMITTEE MINUTES

Education Committee
Sheyenne River Room, State Capitol

SB 2150
1/16/2017
Job Number 26884

- Subcommittee
 Conference Committee

Committee Clerk Signature

Sandy Baumgartner

Explanation or reason for introduction of bill/resolution:

Relating to school construction loans

Minutes:

#1 (p.1-2), #2 (p.1-2), #3(p.1-3)

Chairman Schaible: Committee will come to order and clerk take the roll.

Roll taken: All present except Senator Davison

Chairman Schaible: With that we will open the hearing on SB 2150.

Senator Rust: I will explain this. My name is Senator Rust from District #2. Testimony #1 (p.1-2). Any question?

Mike Bitz: Superintendent of Mandan High School. Representing North Dakota Schools. Testimony #2 (p.1-2). Any questions?

Chairman Schaible: There are two sets of numbers of being reported. Which one was the most accurate?

Mike Bitz: I believe for the school district and not for the county. There are a few school districts in ND, that encompass an entire county, and in those cases, I believe Bowman County is only one school district and Divide County is one school district. In that a case, it will be identical numbers. It's one school district for the whole county, but I believe if you do it just for the school district that is what is relevant to tax payers.

Chairman Schaible: So the difference is basically averaging the whole county with multiple districts rather than just the one district. This would make it just one district average.

Mike Bitz. Right. If Mandan doing for a bond issue and I have property in Mandan school district, this is the impact of your property in mills and dollars.

Senator Rust: Do you have an example of what Jamestown or these other school districts had to do for us to see?

Mike Bitz. I do not, but I can e-mail this to you.

Senator Rust: It would give us some real numbers to look at.

Chairman Schaible: Other testimony in favor of?

Aimee Copas: Representing for Mark Lemer. She is delivering his testimony #3 (p.1-3).

Chairman Schaible: No questions? Other testimony is favor of? Against? If not, we will close the hearing on this bill.

2017 SENATE STANDING COMMITTEE MINUTES

Education Committee
Sheyenne River Room, State Capitol

SB 2150
1/17/2017
Job Number 26945

- Subcommittee
 Conference Committee

Committee Clerk Signature

Sandy Baumgartner

Explanation or reason for introduction of bill/resolution:

Relating to school construction loans

Minutes:

"Click to enter attachment information."

Chairman Schaible: Open committee to SB 2150

Senator Rust: Explained information from Jamestown School District on how they measured their land for bond issue.

Chairman Schaible: Other discussion? I agree that having one set of criteria in having it be for the school district rather than the county average, makes more sense to me. I see it as an improvement to what we have in our school construction law. Any other discussion?

Senator Rust: I move for a Do Pass on SB 2150.

Senator Oban: Second.

Chairman Schaible: We have a motion and second to Do Pass SB 2150, as submitted. Any discussion?

Roll taken: 5 yeas, 0 nays, 1 absent

Senator Rust will carry this.

Chairman Schaible: Committee adjourned.

Date: 1-17-17
Roll Call Vote #: 1

2017 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2150

Senate Education Committee

Subcommittee

Amendment LC# or Description: _____

- Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Sen Rust Seconded By Sen Oban

Senators	Yes	No	Senators	Yes	No
Chairman Schaible	✓		Senator Oban	✓	
Vice-Chairman Rust	✓				
Senator Davison	ab				
Senator Kannianen	✓				
Senator Vedaa	✓				

Total (Yes) 5 No 0

Absent 1

Floor Assignment Senator Rust

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2150: Education Committee (Sen. Schaible, Chairman) recommends **DO PASS**
(5 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2150 was placed on the
Eleventh order on the calendar.

2017 HOUSE EDUCATION

SB 2150

2017 HOUSE STANDING COMMITTEE MINUTES

Education Committee
Coteau A Room, State Capitol

SB 2150
3/7/2017
Job 28780

- Subcommittee
 Conference Committee

Committee Clerk Signature 

Explanation or reason for introduction of bill/resolution:

"Click here to type reason for introduction of bill/resolution"

Minutes:

Attachments 1, 2, 3.

Chairman- Mark S. Owens: begins hearing on SB 2150

Senator Rust: See attachment 1 for testimony

Chairman- Mark S. Owens: any questions from the committee, seeing none thank you.

Mike Bitz: see attachment 2 for testimony.

Chairman- Mark S. Owens: any questions, seeing none thank you. Anyone else in support of SB 2150.

Aimee Copas: see attachment 3 for testimony, she is representing Mark Lemer.

Chairman- Mark S. Owens: are there any questions. Anyone else in support of SB 2150, any opposition on SB 2150, any neutral testimony on SB 2150. Closing hearing on SB 2150.

2017 HOUSE STANDING COMMITTEE MINUTES

Education Committee
Coteau A Room, State Capitol

SB 2150
3/15/2017
Job 28836

- Subcommittee
 Conference Committee

Committee Clerk Signature

Explanation or reason for introduction of bill/resolution:

Relating to school construction loans.

Minutes:

No attachments.

Chairman- Mark S. Owens: SB 2150 deals with school construction loans and bonding, what is the committees wishes.

Rep. Mary Johnson: Senator Russ said that SB 2272 deals with the same thing.

Chairman- Mark S. Owens: that is the one next Tuesday that we will be hearing, that is the last bill, and that is next Tuesday.

Rep. Mary Johnson: I did not look at SB 2272; does it deal with other stuff as well.

Chairman- Mark S. Owens: oh yeah, 2272 is huge, no thank you for reminding me of that, we should probably hold this until SB 2272.

2017 HOUSE STANDING COMMITTEE MINUTES

Education Committee
Coteau A Room, State Capitol

SB 2150
3/15/2017
Job 29241

- Subcommittee
 Conference Committee

Committee Clerk Signature

Explanation or reason for introduction of bill/resolution:

Relating to school construction loans.

Minutes:

No attachments.

Chairman- Mark S. Owens: if I can get you to look at SB 2150 please. I invite the clerk to do roll. Everyone is here, we have a quorum. Would you take out SB 2150 please. SB 2150 is a bill that has certain language in there about construction, school construction loans that is now already in SB 2272, so what is the committees wishes.

Rep. Mary Johnson: I move a do not pass on SB 2150.

Chairman- Mark S. Owens: we have a motion for a do not pass from Rep. Mary Johnson, and a second from Rep. Bill Oliver, is there any discussion.

Rep. Dennis Johnson: well if you want to drag it out.

Chairman- Mark S. Owens: well we are waiting on amendment for SB 2272.

Rep. Dennis Johnson: we can send this out do not pass, but do you not want to wait to pass the other through the floor, before you send this one out, and get them both killed.

Chairman- Mark S. Owens: get them both killed. Um.

Rep. Dennis Johnson: if the other one passes the floor, then you can send this one out do not pass, but whatever.

Chairman- Mark S. Owens: Rep. Dennis Johnson you are right, we are just going to hold it, since it doesn't have any money in it, and I am just going to hold it to make sure SB 2272 get through, and you are absolutely correct, we will bring them to the floor, and I will have, I will talk to the assistant majority leader about having one behind the other, but you are absolutely correct, that's the plan. I don't know about the minority leader, but the majority leader will, so. Just to let you know, literally what happened is we were going to take this language and stick it in I think it's section 5 of SB 2272, and that section expires June 30th of 2017, and on

top of that it's not part of the emergency clause, so therefore by the time the bill actually became active it would have already been expired, so in other words why bother. It's also in I believe in section 3 which is part of the emergency clause for the future, so the language was already there as far as going forward, so that's why we didn't really need it anymore. Ok, seeing no further discussion or questions I will invite the clerk to call the roll for a do not pass for SB 2150. Vote is 14-0-0, and Rep. Pat D. Heinert will carry this bill. But we will hold it until next week, so we know what SB 2272 is going to do before we send it to the floor, um we are waiting on an amendment for SB 2272 right now, but they are working on it, it's top priority upstairs, they are going to send it down to the clerk, so we can take a few moments, but if there is questions about what's going on, on some of the other bills or what's going on just generally that I can answer, then I will be happy.

Date: 3-15-17

Roll Call Vote # 1

2017 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2150

House Education Committee

Subcommittee

Amendment LC# or Description: _____

- Recommendation:
- Adopt Amendment
 - Do Pass Do Not Pass
 - As Amended
 - Place on Consent Calendar
 - Reconsider
- Other Actions: Without Committee Recommendation Rerefer to Appropriations

Motion Made By Rep. M. Johnson Seconded By Rep. Oliver

Representatives	Yes	No	Representatives	Yes	No
Chairman- Mark S. Owens	✓		Rep. Andrew Marschall	✓	
Vice Chairman- Cynthia Schreiber-Beck	✓		Rep. Bill Oliver	✓	
Rep. Rich S. Becker	✓		Rep. Brandy Pyle	✓	
Rep. Pat D. Heinert	✓		Rep. Matthew Ruby	✓	
Rep. Dennis Johnson	✓		Rep. Denton Zubke	✓	
Rep. Mary Johnson	✓		Rep. Ron Guggisberg	✓	
Rep. Donald W. Longmuir	✓		Rep. Corey Mock	✓	

Total (Yes) 14 No 0

Absent 0

Floor Assignment Rep. Heinert

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2150: Education Committee (Rep. Owens, Chairman) recommends **DO NOT PASS**
(14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2150 was placed on the
Fourteenth order on the calendar.

2017 TESTIMONY

SB 2150

Senator
Rust

SB 2150
#1 p.1
1-16-2017

Mr. Chairman:

SB 2150 relates to school construction loans. I am introducing it at the request of selected school leaders—superintendents and business managers.

The current law is designed to provide transparency to taxpayers regarding a school construction project. This bill will still do that; however, the information will be more meaningful.

Two sections of the NDCC require schools to report different sets of tax projections for bond issues. Both must be published at the same time in the official newspaper of the school district, creating more confusion than answers.

The school construction section (NDCC 15.1-36-06) requires that estimated tax increases, in mills and dollars, for residential property and for an acre of crop land and an acre of non-crop land are based on the average true and full value within the county in which the school district is located.

The bonding section (NDCC 21-03-13) requires that the mills and dollars for each \$1,000 of taxable valuation are based on the property in the school district.

The objective of the bill is to match the language between NDCC 21-03-13 and NDCC 15.1-36-06. The proposal will make the tax estimates the same in both sections of the code.

Use of the bonding language, which is the actual words on the ballot, will give voters the actual impact based on the school district rather than on county-wide information which may be totally different.

Individuals following me will explain the bill in detail. Mark Lemer, business manager for the West Fargo School District, was

SB 2150
1 p. 2
1-16-17

planning to testify today but is unable to be here as he is a pallbearer in a funeral. I believe his testimony will be either given to you or read to you.

If you have any questions, I'd be more than willing to try to answer them. For your convenience, I've included a copy of NDCC 21-03-13, which is the language that would be used.

Mr. Chairman.

21-03-13 Ballots – Contents

The ballot for a bond election must be separate from other ballots used on the same day for other elections, and must be written or printed, and must state the question in substantially the following form:

Shall the _____ (here inserting the name of the municipality) issue its bonds in the amount of not to exceed \$_____, (here inserting the amount) maturing within a maximum of _____, (here inserting the duration) resulting in an estimated additional millage of _____ (here inserting the number of mills) mills, equal to \$_____ (here inserting the equivalent in dollars) on each \$1,000 of taxable valuation for the first taxable year, for the purpose of _____ (here inserting the purpose)?

Yes []

No []

Mike Bitz

SB 2150
1-16-17
2 p. 1

Testimony in Support of SB 2150
ND Senate Education Committee
January 16, 2017
By: Mike Bitz
(701) 391-8664

Chairman Schaible and members of the Senate Education Committee, I appreciate the opportunity to come before you today in support of SB2150, which clarifies the reporting requirements for school districts who wish to participate in the school construction loan fund program.

Eleven months ago, a small group of superintendents met with Senator Schaible and Senator Rust in Watford City to share our concerns about the reporting requirements for the school construction loan program. We requested that a bill be drafted to reconcile the language between two conflicting sections of the NDCC (15.1-36 & 21-03-13) so that the information required by both sections is the same. SB 2150 was drafted as a result of these meetings.

When the 2015 legislature passed SB 2039, the intent of the bill was to provide transparency to the taxpayers of the school district regarding the property tax impact on the repayment of the principal and interest associated with a school construction loan. This was done by requesting a statement from the tax commissioner regarding the impact in mills and dollars on residential property, cropland and noncropland based on the average values of property within the county in which the school district was located.

Existing requirements under NDCC 21-03-13 included the publication of the ballot language that would be used to request voter approval for the construction project. This section required a provision for determining the tax impact in mills and dollars related to the repayment of the principal and interest associated with the school construction. This calculation, however, is based on the actual valuation of the school district, not the county average. Apart from a couple of school districts that serve an entire county, the calculations will generate completely different results when using the school district's actual valuation versus the county average valuation.

Publishing two different sets of numbers in the newspaper, one based on the tax impact of the average valuation of the school district and one based on the tax impact of the average

SB 2150
1-16-17
2 (p. 2)

valuation of the county in which the school district is located is confusing to taxpayers and it makes the school district look bad.

In November of 2015 the West Fargo School District chose not to participate in the school construction loan program to avoid any confusion to the public that would arise when the tax impact on property owners would show two completely different numbers within the same publication in the official newspaper.

The Jamestown School District did attempt to comply with the dual reporting requirements on their bond issue in September of 2015. Their bond received the support of 58.6% of those voting, but failed to reach the necessary 60% by just 31 votes. Rob Lech, the Superintendent of School in Jamestown, refuses to blame the defeat of the Jamestown bond issue on any confusion resulting from the conflicting numbers published in the newspaper, but he did say that the reporting requirements are concerning.

As school administrators, we welcome transparency regarding the tax impact of a school construction project. We strive to provide as much information as possible during a bond election regarding the cost in both mills and dollars. We know that this information is key to obtaining support of at least 60% of the voters to approve the project.

We do ask that you reconcile the language between Chapter 15 and Chapter 21 of the NDCC so that the information required by both sections is the same. Passing SB2150 will accomplish this.

I strongly encourage you to give SB2150 a DO PASS recommendation. Thank you for the opportunity to appear before you today. If you have any questions, I'd be happy to try to answer them.

Testimony on SB 2150
Presented to the Senate Education Committee
By Mark Lemer, Business Manager, West Fargo Schools
January 16, 2017

SB 2150
#3(p.1)
1-16-17

1 Chairman Schaible and members of the Senate Education Committee, I
2 offer this testimony in support of the provisions of SB 2150 that relate to the
3 reporting requirements for school districts who wish to participate in the school
4 construction loan fund program under the provisions of SB 2039 that were
5 adopted during the 2015 legislative session and codified into N.D.C.C. 15.1-36-06.

6 The intent of the new requirements was to provide transparency to the
7 taxpayers of the school district regarding the property tax impact related to the
8 repayment of the principal and interest associated with a school construction
9 loan. This was done by requesting a statement from the tax commissioner
10 regarding the impact in mills and dollars on residential property, cropland and
11 noncropland based on the average values of property within the county in which
12 the school district was located.

13 At the same time, the requirements included publication of the ballot
14 language that would be used to request voter approval for the construction
15 project under N.D.C.C. 21-03-13. This section also includes a provision for
16 determining the tax impact in mills and dollars related to the repayment of the
17 principal and interest associated with the school construction. This calculation,
18 however, is based on the actual valuation of the school district, not the county
19 average. Apart from a couple of school districts that server an entire county, the
20 calculations will generate completely different results when using the school
21 district's actual valuation versus the county average valuation.

22 In the case of the West Fargo School District's bond election that was held
23 in November, 2015, our School Board chose not to participate in the school

SB 2150
#3 (p.2)
1-16-17

1 construction loan program simply because of the confusion to the public that
2 would arise when the tax impact on property owners would show 2 completely
3 different numbers within the same publication in the official newspaper.

4 We understand the need to have transparency regarding the tax impact of
5 a school construction project. Our taxpaying public demands it, and we provide
6 as much information as possible during a bond election regarding the cost in mills
7 and dollars, knowing that this information is key to obtaining support of at least
8 60% of the voters to approve the project.

9 We do ask, however, that you reconcile the language between N.D.C.C
10 15.1-36 and N.D.C.C. 21-03 so that the information required by both sections
11 yields the same result. The provisions of SB 2150 do just that.

12 This bill was requested by the North Dakota Association of School
13 Administrators and has the support of the West Fargo School District. I would like
14 to thank Senator Rust for agreeing to be the primary sponsor of this bill.

15 We ask for your consideration of a Do Pass recommendation from the
16 committee.

17 I apologize for not being in attendance in person. However, if any of you
18 have questions that I can answer, please do not hesitate to email me at
19 lemer@west-fargo.k12.nd.us or call me at 701-499-1004.

SB 2150
3 (p. 3)
1-16-17

Key Points of SB 2150

- 1) The primary purpose of SB 2150 is to reconcile the provisions of N.D.C.C. 15.1-36-06 and N.D.C.C. 21-03-13;
- 2) This is not an attempt to eliminate or reduce transparency, but instead is attempting to make the tax impact from school construction debt more understandable to the taxpaying public;
- 3) The current provisions of N.D.C.C. 15.1-36-06 use a county-wide average of property to compute the proposed tax impact. Very few school districts are county-wide, so the chances that the county-wide computations reflect the actual impact in the school district are relatively small;
- 4) This is not intended, in any way, to reduce the publication or notification requirements of a school district regarding school construction debt;

Mr. Chairman and Members of the House Education Committee:

For the record I am David Rust, Senator from District 2.

SB 2150 relates to school construction loans. I am introducing it at the request of selected school leaders—superintendents and business managers.

The current law is designed to provide transparency to taxpayers regarding a school construction project. This bill will still do that; however, the information will be more meaningful.

Two sections of the NDCC require schools to report different sets of tax projections for bond issues. Both must be published at the same time in the official newspaper of the school district, creating more confusion than answers.

The school construction section (NDCC 15.1-36-06) requires that estimated tax increases, in mills and dollars, for residential property, for an acre of crop land, and an acre of non-crop land are based on the average true and full value within the county in which the school district is located.

The bonding section (NDCC 21-03-13) requires that the mills and dollars for each \$1,000 of taxable valuation are based on the property in the school district.

The objective of the bill is to match the language between NDCC 21-03-13 and NDCC 15.1-36-06. The proposal will make the tax estimates the same in both sections of the code.

Use of the bonding language, which is the actual words on the ballot, will give voters the actual impact based on the school district rather than on county-wide information which may be totally different.

Individuals following me will explain the bill in detail.

If you have any questions, I'd be more than willing to try to answer them. For your convenience, I've included below a copy of NDCC 21-03-13, which is the language that would be used.

One thing further, Section 3, subsection 2.c. of SB 2272 will need to be changed to reflect the provisions of this bill, if passed. You should be dealing with SB 2272 in the near future.

Mr. Chairman.

21-03-13 Ballots – Contents

The ballot for a bond election must be separate from other ballots used on the same day for other elections, and must be written or printed, and must state the question in substantially the following form:

Shall the _____ (here inserting the name of the municipality) issue its bonds in the amount of not to exceed \$_____, (here inserting the amount) maturing within a maximum of _____, (here inserting the duration) resulting in an estimated additional millage of _____ (here inserting the number of mills) mills, equal to \$_____ (here inserting the equivalent in dollars) on each \$1,000 of taxable valuation for the first taxable year, for the purpose of _____ (here inserting the purpose)?

**Testimony in Support of SB 2150
ND House Education Committee
March 7, 2017
By: Mike Bitz
(701) 391-8664**

Chairman Owens and members of the House Education Committee, I appreciate the opportunity to come before you today in support of SB2150, which clarifies the reporting requirements for school districts who wish to participate in the school construction loan fund program.

Eleven months ago, a small group of superintendents met with Senator Schaible and Senator Rust in Watford City to share our concerns about the reporting requirements for the school construction loan program. We requested that a bill be drafted to reconcile the language between two conflicting sections of the NDCC (15.1-36 & 21-03-13) so that the information required by both sections is the same. SB 2150 was drafted because of these meetings.

When the 2015 legislature passed SB 2039, the intent of the bill was to provide transparency to the taxpayers of the school district regarding the property tax impact on the repayment of the principal and interest associated with a school construction loan. This was done by requesting a statement from the tax commissioner regarding the impact in mills and dollars on residential property, cropland and noncropland based on the average values of property within the county in which the school district was located.

Existing requirements under NDCC 21-03-13 included the publication of the ballot language that would be used to request voter approval for the construction project. This section required a provision for determining the tax impact in mills and dollars related to the repayment of the principal and interest associated with the school construction. This calculation, however, is based on the actual valuation of the school district, not the county average. Apart from a couple of school districts that serve an entire county, the calculations will generate completely different results when using the school district's actual valuation versus the county average valuation.

Publishing two different sets of numbers in the newspaper, one based on the tax impact of the average valuation of the school district and one based on the tax impact of the average

valuation of the county in which the school district is located is confusing to taxpayers and it makes the school district look bad.

In November of 2015 the West Fargo School District chose not to participate in the school construction loan program to avoid any confusion to the public that would arise when the tax impact on property owners would show two completely different numbers within the same publication in the official newspaper.

The Jamestown School District did attempt to comply with the dual reporting requirements in September of 2015. Their bond received the support of 58.6% of those voting, but failed by 31 votes. Rob Lech, the Superintendent of School in Jamestown refuses to blame the defeat of the Jamestown bond issue on confusion resulting from the conflicting numbers published in the newspaper, but he did say that creating any confusion for taxpayers is concerning.

As school administrators, we welcome transparency regarding the tax impact of a school construction project. We strive to provide as much information as possible during a bond election regarding the cost in mills and dollars, knowing that this information is key to obtaining support of at least 60% of the voters to approve the project.

We do ask, however, that you reconcile the language between Chapter 15 and Chapter 21 of the NDCC so that the information required by both sections is the same. Passing SB2150 will accomplish this.

I strongly encourage you to give SB2150 a DO PASS recommendation. Thank you for the opportunity to appear before you today. If you have any questions, I'd be happy to try to answer them.



STATE OF NORTH DAKOTA
 OFFICE OF STATE TAX COMMISSIONER
 RYAN RAUSCHENBERGER, COMMISSIONER

Estimate pursuant to North Dakota Century Code 15.1-36

School District: Jamestown Public School District
 County: Stutsman County

Proposed annual payment provided by Jamestown School District \$ 1,182,653.00
 School District Taxable Value, tax year 2014 \$ 51,801,763.00

Estimated mill levy required for annual payment 22.83 mills

True and Full value of an average residential parcel
 in Stutsman County 2014 \$ 114,823.00

Taxable value (true & full times 4.5%) \$ 5,167.00

Estimated annual residential property tax increase \$ 117.96

True and full value of an average acre of cropland
 in Stutsman County 2014 \$ 743.00

Taxable value (true & full times 5%) \$ 37.00

Estimated annual per acre of cropland property tax increase \$ 0.84

True and full value of an average acre of non-cropland
 in Stutsman County 2014 \$ 159.00

Taxable value (true & full times 5%) \$ 8.00

Estimated annual per acre of non-cropland property tax increase \$ 0.18

Prepared by the
 Office of State Tax Commissioner
 As requested by Jamestown Public School District

Linda Leadbetter
 signature
 July 14, 2015
 date



OFFICIAL BALLOT

September 29, 2015

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
STUTSMAN COUNTY, NORTH DAKOTA

QUESTION #1

Shall the Jamestown Public School District No. 1, Stutsman County, North Dakota, issue its general obligation school building bonds in the amount not to exceed \$19,000,000, maturing within a maximum of 20 years, resulting in an estimated additional millage of 25.11 mills, equal to \$25.11 on each \$1,000 of taxable valuation for the first taxable year, for the purpose of providing funds, together with any other funds available, to construct additions to elementary buildings; to remodel, renovate and improve elementary buildings; to renovate, improve and update the ventilation systems in elementary buildings and the middle school; and to otherwise maintain, renovate and improve school property.

Yes

No

INSTRUCTIONS TO VOTERS:

Voters desiring to vote in favor of the foregoing proposition should fill in the oval opposite the word "Yes." Voters desiring to vote against such proposition should fill in the oval opposite the word "No." Spoiled or blank ballots cast may not be counted for or against the proposed issue.

4

**Testimony on SB 2150
Presented to the House Education Committee
By Mark Lemer, Business Manager, West Fargo Schools
March 7, 2017**

1 Chairman Owens and members of the House Education Committee, I offer
2 this testimony in support of the provisions of SB 2150 that relate to the reporting
3 requirements for school districts who wish to participate in the school
4 construction loan fund program under the provisions of SB 2039 that were
5 adopted during the 2015 legislative session and codified into N.D.C.C. 15.1-36-06.

6 The intent of the new requirements was to provide transparency to the
7 taxpayers of the school district regarding the property tax impact related to the
8 repayment of the principal and interest associated with a school construction
9 loan. This was done by requesting a statement from the tax commissioner
10 regarding the impact in mills and dollars on residential property, cropland and
11 noncropland based on the average values of property within the county in which
12 the school district was located.

13 At the same time, the requirements included publication of the ballot
14 language that would be used to request voter approval for the construction
15 project under N.D.C.C. 21-03-13. This section also includes a provision for
16 determining the tax impact in mills and dollars related to the repayment of the
17 principal and interest associated with the school construction. This calculation,
18 however, is based on the actual valuation of the school district, not the county
19 average. Apart from a couple of school districts that server an entire county, the
20 calculations will generate completely different results when using the school
21 district's actual valuation versus the county average valuation.

22 In the case of the West Fargo School District's bond election that was held
23 in November, 2015, our School Board chose not to participate in the school

1 construction loan program simply because of the confusion to the public that
2 would arise when the tax impact on property owners would show 2 completely
3 different numbers within the same publication in the official newspaper.

4 We understand the need to have transparency regarding the tax impact of
5 a school construction project. Our taxpaying public demands it, and we provide
6 as much information as possible during a bond election regarding the cost in mills
7 and dollars, knowing that this information is key to obtaining support of at least
8 60% of the voters to approve the project.

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10 15.1-36 and N.D.C.C. 21-03 so that the information required by both sections
11 yields the same result. The provisions of SB 2150 do just that.

12 This bill was requested by the North Dakota Association of School
13 Administrators and has the support of the West Fargo School District. I would like
14 to thank Senator Rust for agreeing to be the primary sponsor of this bill.

15 We ask for your consideration of a Do Pass recommendation from the
16 committee.

17 I apologize for not being in attendance in person. However, if any of you
18 have questions that I can answer, please do not hesitate to email me at
19 lemer@west-fargo.k12.nd.us or call me at 701-499-1004.

Key Points of SB 2150

- 1) The primary purpose of SB 2150 is to reconcile the provisions of N.D.C.C. 15.1-36-06 and N.D.C.C. 21-03-13;
- 2) This is not an attempt to eliminate or reduce transparency, but instead is attempting to make the tax impact from school construction debt more understandable to the taxpaying public;
- 3) The current provisions of N.D.C.C. 15.1-36-06 use a county-wide average of property to compute the proposed tax impact. Very few school districts are county-wide, so the chances that the county-wide computations reflect the actual impact in the school district are relatively small;
- 4) This is not intended, in any way, to reduce the publication or notification requirements of a school district regarding school construction debt;