

2023 SENATE FINANCE AND TAXATION

SB 2369

2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

SB 2369
2/1/2023

Relating to a property tax credit for qualified parents of school aged children who attend a nonpublic school or home education program; and to provide an effective date.
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9:00 AM Chairman Kannianen opens hearing.

Senators present: **Kannianen, Weber, Patten, Piepkorn, Rummel, Magrum**

Discussion Topics:

- Private school
- Home School aid

9:01 AM Senator Bekkedahl introduced bill. #18195

9:03 AM Ryan Rintamaki – constituent, in favor. #18461

9:11 AM Alexis Baxley – ND School Board Association, in opposition. #18294

9:14 AM Nick Archuleta – President of ND United, in opposition. #18395

Additional written testimony:

Lovita Scrimshaw #17696 #17697

Whitney Oxendahl #17974

Melissa Burkland #18220

Chris Eslinger #18350

9:17 AM Chairman Kannianen adjourns hearing.

Nathan Liesen, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

SB 2369
2/7/2023

relating to a property tax credit for qualified parents of school-aged children who attend a nonpublic school or home education program; and to provide an effective date.
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9:15 AM Chairman Kannianen opens hearing.

Senators present: **Kannianen, Weber, Patten, Rummel, Piepkorn.**
Senators absent: **Magrum**

Discussion Topics:

- Homeowners

9:20 AM Senator Rummel motioned a Do Not Pass.

9:20 AM Senator Weber seconded.

Senators	Vote
Senator Jordan Kannianen	Y
Senator Mark F. Weber	Y
Senator Jeffery J. Magrum	AB
Senator Dale Patten	Y
Senator Merrill Piepkorn	Y
Senator Dean Rummel	Y

Motioned passed 5-0-1

9:21 AM Senator Weber will carry.

9:22 AM Chairman Kannianen adjourns meeting.

Nathan Liesen, Committee Clerk

REPORT OF STANDING COMMITTEE

SB 2369: Finance and Taxation Committee (Sen. Kannianen, Chairman) recommends **DO NOT PASS** (5 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2369 was placed on the Eleventh order on the calendar. This bill does not affect workforce development.

TESTIMONY

SB 2369

Testimony in Support of SB 2369

Dr. Daniel Scrimshaw, DO, Emergency Medicine Physician

Dr. Lovita Scrimshaw, DO, Emergency Medicine Physician

American Academy of Medical Ethics, North Dakota State Directors

January 26, 2023

Good morning Chairman Kannianen and the honorable members of the Senate Finance and Taxation Committee. We are physicians in Minot, ND, and also serve as the North Dakota State Directors of the American Academy of Medical Ethics. We are testifying in regard to SB 2369 and respectfully request that you render a "DO PASS" on this bill to provide a property tax credit for home educated children or children attending other non-public schools.

Testimony in Support of SB 2369

Dr. Daniel Scrimshaw, DO, Emergency Medicine Physician

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Senate Finance and Taxation Public Hearing
Feb 1st at 9:00am
SB 2369 - Testimony in Opposition

Chairman Kannianen and members of the Senate Finance and Taxation Committee, my name is Whitney Oxendahl, and I am writing in opposition to SB 2369. The bill's intent is to give a property tax credit to parents who send their kids to private school or homeschool, which would remove funding from our public school system.

I grew up going to private schools, because my parents chose to put me there when I could have been educated in public school for free. They paid for my schooling, and if other parents now are choosing private education or homeschooling, they can also choose to pay for it themselves.

Property tax dollars make up about a quarter of the funding for the North Dakota public school system and removing funds would degrade our public school system. Passing this bill would impact students, families, and teachers and staff when all could use our support.

My child is a first grader at a public elementary school in Fargo, getting a great education. **Please ensure that students across the state do not see a drop in the quality of public education by giving SB 2369 a Do Not Pass recommendation.**

Thank you for letting me share my testimony.

SB 2369**February 1, 2023****Senate Finance and Tax Committee****Hon. Jordan Kannianen, Chairman**

Good morning Mr. Chairman and committee. I am Brad Bekkedahl, Senator District 1, and honored to be here to introduce SB 2369. This bill was requested by a constituent in District 1 to grant property tax relief to parents that are home schooling their children. Specifically, the bill would exempt home school parents from paying the school district tax portion of their annual property tax statement as they are taking the cost burden of schooling their children at home. As you can imagine, there are costs associated with home schooling children and this bill proposes a property tax savings to offset the costs incurred by these home school families. You will note in the bill that any school property tax levied to pay voter approved bond issues is exempt from this relief and will still be levied to home school property owners. All other taxing jurisdictions will still have their taxes levied and collected on the home school properties.

Mr. Chairman, thank you for the opportunity to present this bill for your committee review. I apologize for leaving the hearing at this time but I am also scheduled to introduce another bill in the Judiciary committee at 9am today and have to get to that committee room. I have with me this morning the constituent and his family that would also like to present testimony and answer any questions. Thank you for your consideration of his testimony as well.

**Senate Finance and Taxation Public Hearing
February 1, 2023 at 9:00 AM**

Dear Chairman Kannianen and members of the Senate Finance and Taxation Committee:

I write on behalf of the Fargo School Board through its Governmental Affairs Committee and I write in opposition to Senate Bill 2369. This Bill purports to provide a property tax credit for qualified parents of school-age children who attend nonpublic schools or home education programs. This Bill would have a detrimental effect on the quality of public schools in North Dakota and harm our strong public education system and students.

In addition to the harm this property tax reimbursement would cause, there would be no state fiscal effect for SB 2369. School districts would lose out if a property tax credit were issued to parents with school-aged children enrolled in a nonpublic school or home-schooled, as there is no adjustment in the school district funding formula for this credit. School districts would also see a decrease in revenue from other levy sources, such as miscellaneous and special reserve funds.

We respectfully request that you render a DO NOT PASS on this Bill.

Sincerely,

Melissa H. Burkland
Governmental Affairs Committee – Member
Fargo Board of Education



NDSBA
NORTH DAKOTA SCHOOL
BOARDS ASSOCIATION

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SB 2369 | Testimony of Alexis Baxley
Senate Finance & Taxation Committee
February 1, 2023

Chairman Kannianen and members of the committee, my name is Alexis Baxley. I am the executive director of the North Dakota School Boards Association. NDSBA represents all 170 North Dakota public school districts and their boards. NDSBA stands firmly in opposition to HB SB 2369.

Article VIII, Section 2 of our state constitution states that the Legislative Assembly shall provide for a uniform system of free public schools throughout the state. The ND Constitution does not include any provision for the financial support of private or home education. While this bill does not direct state funds towards non-public education directly, it does ensure the local districts collect less funds in order to support non-public education.

This body is continually studying and tweaking our funding formula in an attempt to better provide for our public-school system and provide property tax relief. One way I am certain we cannot achieve that goal is to divert funds away from that formula. While a parent should have the right to choose where and how they want their children educated, that choice should not entitle them to the dollars provided for public education. According to the fiscal note attached to the bill, there would not be a state fiscal effect. There would, however, certainly be an effect on the funding of a district where a property tax credit was issued because there would be no adjustment in the district funding formula for the loss of these dollars. The full local share levied would be deducted from the baseline budget, but the full dollar amount would not actually be received. It is impossible to estimate how many parents may apply for the credit if this bill were to pass, and so it is impossible to estimate the damage this would do to local public school district budgets.

Additionally, home and private schools are not subject to many of the same requirements that public schools are. This is often a reason parents cite in choosing non-public education for their children. However, state dollars or an exemption from the taxes other citizens are required to pay, should not come without the same accountability standards that public schools must meet in order to receive funding.

NDSBA urges a Do Not Pass recommendation on SB 2369, and I would be happy to stand for any questions. Thank you for your time.

Members of the Senate Finance and Taxation,

My name is Chris Eslinger, I live in District 34

I am a Father, a Husband, and a Property Owner.

I have children that have attended Home School, Virtual Classes, Private School, and/or Public School.

I Support Bill #2369

No system is perfect and the current education system has proven no different.

One concept I would think we can all agree on is that one size does not fit all.

Whether the parents of a child chooses private, charter, home based, virtual, or a government led school;

It is responsible to assist them in creative ways to alleviate their tax burden and financial responsibility so

Private school doesn't become a choice only the wealthiest among us can make. If that type of education system

can be the best for the child, isn't that the whole point. This bill is a step in the right direction for the

legislature to show their support for the majority of parents that would like to have the option of sending

their children to the place where they have the best chance of succeeding, instead of the place "that is free".

I urge you to vote in favor of Bill #2369.

Thank You for your service and taking the time to consider the importance of this issue.



Great Public Schools

Great Public Service

**Testimony Before the Senate and Finance and Taxation Committee
SB 2369
February 1, 2023**

Chairman Kannianen and members of the Committee, for the record, my name is Nick Archuleta and I am president of North Dakota United. I rise today in opposition SB 2369 and to urge a ***do not pass*** recommendation.

Mr. Chairman, North Dakota United has a long history of opposing voucher bills that deprive public schools of badly needed public resources. Vouchers come in many forms, often hiding behind euphemisms such as, "Opportunity Scholarships," "Tax Credit Scholarships," "Education Savings Accounts," "Tuition Tax Credits," "Education Empowerment Programs," "Education Reimbursement Programs." and, in this case, "Property Tax Credits." Regardless of the euphemistic titles, they all have the same effect of diverting public funds, intended for public schools and other public purposes, to private schools, private entities, or those educating their children at home.

Mr. Chairman, should SB 2369 become law, school districts across the state would see a shortfall in the resources available to them to succeed in their mission to educate the children in their districts. This legislation does not provide for an adjustment in the school district funding formula or call for the state to replace the funds lost to the tax credit. The loss of revenue will have a negative effect on school districts whose resources are already stretched thin as they struggle with inflation and meeting the very real needs of the students they serve. Additionally, in practice, this tax credit would almost exclusively benefit property owners in North Dakota's cities where non-public schools exist, and those who home school their children in a home they own.

Chairman Kannianen and members of the Committee, for these reasons, we respectfully urge a ***do not pass*** recommendation for SB 2369.

February 1, 2023

SB 2369

Senate Finance and Tax Committee

Hon. Jordan Kannianen

Good morning, Chairman Kannianen and the honorable members of the Senate Finance and Taxation Committee. I am Ryan Rintamaki and the constituent Senator Brad Bekkedahl mentioned in his introduction. I am here to testify in favor of SB 2369.

First, I would like to address why we are homeschooling. The United States is a representative republic and to paraphrase John Adams "can only survive with a moral and religious people." One of the reasons we are homeschooling is that the public education system does not help reinforce the moral education students should be receiving at home. Along with the moral reinforcement, socialism should not be taught in our schools. When socialism is demonstrated in class by having students "go on strike" outside until they get ice cream, it provides positive reinforcement that it is a "good idea" to demand that you be given everything you want. Our country wasn't made great by people stopping production and demanding that their needs be met, but by people putting their heads down and diligently working towards the goals that they have.

Next, I would like to address the financial side of this bill. Senator Bekkedahl has introduced an amendment to this bill that allows the state to reimburse the school district for the property tax credit. This means that the school district will not see a decrease in funding. On my own home, we paid approximately \$675 dollars to the local school district for 2022. We're in a more affordable home and are on the lower end of the tax scale. Some of the other homes I looked at were as high as \$4,000 for the school portion of their property tax. Unfortunately I was not able to get the irrepealable tax information from our local school district in time for this hearing. I had hoped to be able provide a better idea of what the cost might be. But, assuming an average school portion of \$2,500 per student, with 12,405 students not enrolled in public school, this comes to approximately \$31 million. The state already covers the difference between the local taxes and the \$10,237 upper limit. Assuming that \$5,000 per student is already paid out by the state, the state would still be saving \$31 million, rather than having all students enrolled in public schools. This is a very rough estimate and is impacted by a number of different factors. These factors include the location of the home, the assessed value of the home, the irrepealable tax portion, and the number of students in the household.

Finally, I would like to address school choice. Many other states have gone or are going to a system of school choice where the state portion to fund education follows the student. For example, in Arizona, each student has \$7,000 follow them. I am not advocating for homeschools and nonpublic schools to receive this much money. Granted, I would love it if this were the case. We could bring our children to see many different historical locations. But I feel the property tax credit is a good compromise because homeschools and nonpublic schools would not be taking additional money out of the system. Instead, we would be keeping more of what we earned.

Thank you for allowing me to testify in favor of SB 2369. I am willing to answer any question you may have.