

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1141

2001 HOUSE EDUCATION

HB 1141

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1141

House Education Committee

☐ Conference Committee

Hearing Date 02/5/01

Type Number	Side A	Side B	Meter #
#1	X		49 to 1460
Committee Clerk Signature <i>Lisa Gilbert</i>			

Minutes:

Chairman R. Kelsch, Vice-Chair T. Brusegaard, Rep. Bellew, Rep. Grumbo, Rep. Haas, Rep. Hanson, Rep. Hawken, Rep. Hunsdor, Rep. Johnson, Rep. Meier, Rep. Mueller, Rep. Nelson, Rep. Nottestad, Rep. Solberg, Rep. Thoreson

Chairman Kelsch: We will now open the hearing on HB1141.

Tom Decker: (DPI) *Please refer to written testimony*

Rep. Mueller: It's old language, but it's old language that I had an issue with when we did it last time. Were there any considerations of changing the 800 square mile provision, to include 400,600 and 800, which are numbers I just pulled out of the air.

Decker: I think HB1384 works inherently into this, and we've reduced that to 600 in some circumstances.

Rep. Nelson: In Subsection 2, if one of the school districts that's going through this reorganized plan has an unlimited general fund levy, per se, so schools with an unlimited levy right now

would have to either have land by dissolution. If they went through a reorganization, I think they would have to vote separately on unlimited levy.

Rep. Nelson: so, if Subsection 2, would it allow for a district that is at a cap, the new members could adopt that through this five year period up to the cap. Is that what this says?

Decker: Some districts in ND have unlimited mill levies, some districts operate under a 185 mill cap. All districts, under current law, when they're writing a reorganization plan, in that plan have potential unlimited levy authority in the sense that they can set that levy at whatever level they want, including above the cap.

Rep. Nelson: So that's part of the reorganization plan that they vote on.

Decker: That's part of the current law and part of what they vote on.

Bev Nielson: (ND School Board's Association) Our association passed a resolution with this exact wording and I'm here to support HB1141. It's a permissive language that allows for some flexibility and encouragement in local districts to make by getting together and forming that reorganizational plan. It at least allows that discussion to occur. Some potential ways of investing those mill levels as opposed to just boom. We believe that this has been a barrier.

Myron Schweitzer: (Superintendent at Mott) We are one of the newly formed reorganized school districts, Mott and Regent. Most of the board voted to look into the possibility of reorganization. Since that time, we have followed the current law, and we did run into a few problems, and the attached amendments will make it easier for new districts to look at a reorganization. One is the general mill levy. The Mott and Regent mill districts, there was a difference of 10 mills. The way the current law is written, both school districts had a set of general mill levies. It would have been easier to have a plan set up so that after a period of five

years, both districts would be the same, it would have been a lot easier to sell the plan to the general public. Another area we had some trouble on is the building fund. Basically, when we started talking about a reorganization plan, there was some confusion, the mistake may have been on our part for not explaining good enough what the building levy was for. Both districts before this, have the authority to pass this. When the reorganization took place, the building fund assumed that we were going to build a new school, and it took awhile to explain to the public that it's not for a new building, but just to reauthorize a new school board. The number of committee meetings that we had, the number of special board meetings that we had, the production of the required documents that the state needs for the county hearings, the state hearings, the public hearings, it does run quite a bit of an expense, and if some money would have been available up front, whether or not the school districts would have actually reorganized, it would have been easier to prepare a budget for that. The plan itself does work.

Rep. Nelson: Did you hire any outside consultants as far as your reorganization plan that you developed?

Schweitzer: No, we took the Century Code, we did talk to Tom Decker, and some of the other school districts that have already gone through reorganization.

Rep. Nelson: The \$15,000 per district, did you exceed those costs, do you feel in your situation, or is that adequate in your judgment, is there some adjustment that could be made in those dollars?

Schweitzer: This is my first year as superintendent, so I'm not sure if dollars were put aside to help with some of the printing costs. I feel that \$15,000 is probably adequate, and if it were

Page 4
House Education Committee
Bill/Resolution Number HB1141
Hearing Date 02/5/01

available ahead of time, I feel that we would have had better visual displays made up, some of the county maps concerning the bus routes were basically produced in house.

Rep. Nelson: What was your vote in the two districts?

Schweitzer: Passed with 85%. The building levels, the ten mills, that one in the Mott districts passed with the 67%.

Chairman Kelsch: Anyone who wishes to appear in opposition to HB1141?

Patty Lewis: (ND Farm Bureau) We don't necessarily oppose this bill, because we support voluntary consolidation in any manner, obviously not mandatory, though. The only heart burn is on page 2, Section 1, with the building fund levy and changing the super majority to a simple majority. I think that it's an important enough issue, the gentleman from Mott didn't seem to have a problem getting a super majority, and I think to get a fair representation from smaller schools, we should retain it at a super majority.

Chairman Kelsch: If we changed that back to the super majority, you wouldn't have any problem with the bill?

Lewis: That's correct.

Chairman Kelsch: We will now close the hearing on HB1141.

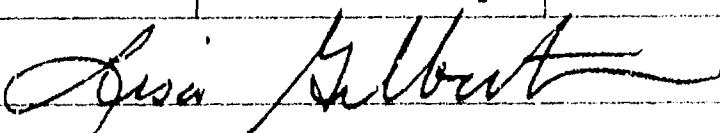
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1141 A

House Education Committee

☐ Conference Committee

Hearing Date 02/06/01

Tape Number	Side A	Side B	Meter #
#1	X		84 to 692
Committee Clerk Signature 			

Minutes:

Chairman R. Kelsch, Vice-Chair T. Brusegaard, Rep. Bellew, Rep. Grumbo, Rep. Haas, Rep. Hanson, Rep. Hawken, Rep. Hunsakor, Rep. Johnson, Rep. Meier, Rep. Mueller, Rep. Nelson, Rep. Nottestad, Rep. Solberg, Rep. Thoreson

Chairman Kelsch: We will now take up HB1141.

Rep. Haas: I move we amend HB1141 by deleting lines 25-28 on page 2.

Rep. Brusegaard: Second.

Rep. Nelson: I move a DO PASS AS AMENDED

Rep. Haas: Second.

Rep. Nelson: I will withdraw my DO PASS AS AMENDED until further amended. I'd like to offer this amendment: Line 20, page 4, after the period, strike the language, 'if the school districts do not reorganize, they do not have to repay the money advanced'.

Page 2

House Education Committee

Bill/Resolution Number HB1141

Hearing Date 02/06/01

Chairman Kelsch: How about, 'if the school districts do not reorganized, they must repay the money advanced'.

Rep. Brusegaard: Second.

Rep. Meler: I move a DO PASS AS AMENDED.

Rep. Nottestad: Second.

Chairman Kelsch: Committee discussion.

The motion of DO PASS AS AMENDED passes with 14 YAY 1 NAY 0 ABSENT

Floor Assignment: Rep. Nottestad

FISCAL NOTE

Requested by Legislative Council

02/09/2001

Bill/Resolution No.:

Amendment to: HB 1141

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$30,000	\$0	\$0	\$0
Appropriations	\$0	\$0	\$30,000	\$0	\$0	\$0

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$30,000	\$0	\$0	\$0

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

Districts planning to reorganize who are eligible to receive a bonus would be eligible to get an advance. The advance would be recovered when the reorganization was approved. It would be repaid if the plan failed.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The money for advances would be in the appropriation for consolidation bonuses from general fund money.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Tom Decker	Agency:	Public Instruction
Phone Number:	328-2267	Date Prepared:	02/13/2001

FISCAL NOTE

Requested by Legislative Council
12/26/2000

Bill/Resolution No.: HB 1141

Amendment to:

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$30,000	\$0	\$0	\$0
Appropriations	\$0	\$0	\$30,000	\$0	\$0	\$0

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$30,000	\$0	\$0	\$0

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

Districts planning to reorganize who are eligible to receive a bonus would be eligible to get an advance. The advance would be recovered when the reorganization was approved. It would be lost if the plan failed.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The money for advances would be in the appropriation for consolidation bonuses from general fund money.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Tom Decker	Agency:	Public Instruction
Phone Number:	328-2267	Date Prepared:	01/10/2001

Date: 2/12/01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB1191

House House Education

Committee

☐ Subcommittee on _____

or

☐ Conference Committee

Legislative Council Amendment Number 18157 0101

Action Taken Do Pass as Amended

Motion Made By Rep. Meier Seconded By Rep. Nottestad

Representatives	Yes	No	Representatives	Yes	No
Chairman-RaeAnn G. Kelsch	✓		Rep. Howard Grumho	✓	
V. Chairman-Thomas T. Brusegaard	✓		Rep. Lyle Hanson		✓
Rep. Larry Bellew	✓		Rep. Bob Hunskor	✓	
Rep. C.B. Haas	✓		Rep. Phillip Mueller	✓	
Rep. Kathy Hawken	✓		Rep. Dorvan Solberg	✓	
Rep. Dennis E. Johnson	✓				
Rep. Lisa Meler	✓				
Rep. Jon O. Nelson	✓				
Rep. Darrell D. Nottestad	✓				
Rep. Laurel Thoreson	✓				

Total (Yes) 14 No 1

Absent 0

Floor Assignment Rep. Nottestad

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

REPORT OF STANDING COMMITTEE

HB 1141: Education Committee (Rep. R. Kelsch, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (14 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). HB 1141 was placed on the Sixth order on the calendar.

Page 2, remove lines 25 through 28

Page 2, line 29, replace "4" with "3"

Page 3, line 1, replace "5" with "4"

Page 3, line 3, replace "6" with "5"

Page 3, line 5, replace "7" with "6"

Page 3, line 7, replace "8" with "7"

Page 3, line 9, replace "9" with "8"

Page 3, line 11, replace "10" with "9"

Page 3, line 15, replace "11" with "10"

Page 4, line 21, replace "they do not have to" with "the school districts shall"

Renumber accordingly

2001 HOUSE APPROPRIATIONS

HB 1141

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1141

House Appropriations Committee

☐ Conference Committee

Hearing Date February 16, 2001

Tape Number	Side A	Side B	Meter #
02-16-01 tape #1	5104 - 6230	0 - 70	
Committee Clerk Signature <i>[Signature]</i>			

Minutes:

The committee was called to order, and opened the hearing on HB 1141.

Tom Decker, Department of Public Instruction: I believe you have a fiscal note that indicates a \$30,000 figure. If you have the engrossed bill, after we submitted the fiscal note we reevaluated this again, and because the language was changed in the final section of the bill, that there is no fiscal impact, and the number should be zero. The change on page 4, subsection 4, lines 16 and 17, which requires payback if the districts who get the advance do not reorganize makes that a zero.

Rep. Gulleon: Is someone going to let us know what the bill does?

Tom Decker: Quickly walked through the bill. Page 2, lines 19 and 23, the bill provides new language for the ND school district reorganization statute. Talks about reorganization, mill levy differences, and spreading out the time periods. The only other significant part left in the bill is at page 4 of the bill, which I already discussed. Building funds was amended out.

Chairman Timm: The amendments that were adopted on page 2 and 3, creates no fiscal impact.

Rep. Wald: Is the effect that we are leveling out the mill level when these districts get together so that they are the same?

Tom Decker: Not quite accurate. They will set a levy that they believe they need to operate at, but in the reorganization they will work up or down to the changed levy over a period of 5 years.

Chairman Timm: Makes a comment as to why this bill was even referred to the committee at all.

Rep. Delzer: You sounded like the only affect would be to slow the increase of the levy of the bottom district. Does it not also have some affect on the higher district or even itself out.

Tom Decker: Every organization is different. It depends on the districts coming together in the reorganization. In most cases, we are finding that the levy they establish when they submit the reorganization plan is that they are generally closer to the top than the lower levy in the districts involved. If one of the reorganizing districts is above the new levy, the amount will come down right away.

Rep. Koppelman: Life by fiscal note.

The chairman closed the hearing on this bill.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1141

House Appropriations Committee

☐ Conference Committee

Hearing Date ~~February 21, 2001~~ February 21, 2001

Tape Number	Side A	Side B	Meter #
02-21-01 tape #2	85 - 657		
Committee Clerk Signature <i>Heidi K. Hall</i>			

Minutes:

The committee was called to order, and opened committee work on 1141, on school district reorganization bonuses.

Rep. Byerly: Wondering why this was sent to the appropriation committee with only a \$30,000 fiscal note.

Celeste, OMB: Believes that Tom Decker stated that the fiscal note was not accurate. When they first read the engrossed bill they did not realize that the money would be paid back for school districts that did not reorganize and it would be deducted for school districts that were reorganized. There is no net fiscal effect. She has talked to Mr. Decker and there are two other bills that deal with school reorganization funding, SB 2200 and another. The department agrees that the appropriation in this bill is no longer necessary. Would prefer the bill get passed, so the other language could be in place.

Page 2
House Appropriations Committee
Bill/Resolution Number HB 1141
Hearing Date February 21, 2001

Rep. Delzer: These are the same bonuses we passed last session. Moves to amend by removing section 3. Seconded by Rep. Skarphol.

Voice vote adopted the amendment.

Rep. Aarsvold: On page 4, line 11, a \$15,000 study grant is listed.

Celeste, OMB: That \$15,000 would be deducted from the reorganization bonus. That's why there is no net fiscal effect.

Rep. Delzer: Moves DO PASS AS AMENDED. Seconded by Rep. Kempenich.

Vote on Do Pass as Amended : 20 yes, 0 no, 1 absent and not voting.

Rep. Kerzman is assigned to carry this bill to the floor.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1141

Page 1, line 1, remove "to provide for distribution of appropriated funds for the school district"

Page 1, line 2, remove "reorganization bonus; and"

Page 4, line 9, remove "The superintendent shall distribute"

Page 4, remove line 10

Page 4, remove lines 18 through 31

Page 5, remove lines 1 through 3

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Dept. 201 - Department of Public Instruction - House Action

This amendment removes Section 3 of the bill, which limited school district reorganization bonuses to \$500,000 and authorized the Department of Public Instruction to spend up to \$5,000,000 of the foundation aid line item for the payment of reorganization bonuses, after the payment of all statutory obligations for the 2001-03 biennium.

Date: 2-21-01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB1141

House APPROPRIATIONS Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number 18157.0201

Action Taken to amend by remove Sect 3

Motion Made By Rep Delzer Seconded By Rep Skarphol

Representatives	Yes	No	Representatives	Yes	No
Timm - Chairman					
Wald - Vice Chairman					
Rep - Aarsvold			Rep - Koppelman		
Rep - Boehm			Rep - Martinson		
Rep - Byerly			Rep - Monson		
Rep - Carlisle			Rep - Skarphol		
Rep - Delzer			Rep - Svedjan		
Rep - Glassheim			Rep - Thoreson		
Rep - Gulleeson			Rep - Warner		
Rep - Huether			Rep - Wentz		
Rep - Kempenich					
Rep - Kerzman					
Rep - Kliniske					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Adopted

Date: 2-21-01
Roll Call Vote #: 2

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HRS 1141

House APPROPRIATIONS Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number 18157.0201

Action Taken DO PASS AS AMENDED.

Motion Made By Rep Delzer Seconded By Rep Kempenich

Representatives	Yes	No	Representatives	Yes	No
Timm - Chairman	✓				
Wald - Vice Chairman					
Rep - Aarsvold	✓		Rep - Koppelman	✓	
Rep - Boehm	✓		Rep - Martinson	✓	
Rep - Byerly	✓		Rep - Monson	✓	
Rep - Carlisle	✓		Rep - Skarphol	✓	
Rep - Delzer	✓		Rep - Svedjan	✓	
Rep - Glassheim	✓		Rep - Thoreson	✓	
Rep - Gulleeson	✓		Rep - Warner	✓	
Rep - Huether	✓		Rep - Wentz	✓	
Rep - Kempenich	✓				
Rep - Kerzman	✓				
Rep - Kliniske	✓				

Total (Yes) 20 No 0

Absent 1

Floor Assignment Rep. Kerzman

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

2001 SENATE EDUCATION

HB 1141

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1141

Senate Education Committee

☐ Conference Committee

Hearing Date 03-05-01

Tape Number	Side A	Side B	Meter #
1	X		13.2 - 46.0
2 (03-07-01)		x	2.0 - 20.0
1 (03-12-01)	x		13.2 - 29.1
2 (03-13-01)	X		9.2 - 21.3
2 (03-14-01)		x	7.0 - end
1 (03-21-01)	x		22.0 - 43.9
Committee Clerk Signature <i>Jessica Johnson</i>			

Minutes: CHAIRMAN FREBORG called the hearing on Re-engrossed HB 1141 which relates to the general fund and building fund levies of a newly reorganized school district and the school district reorganization bonus.

Testimony in support of Re-engrossed HB 1141:

TOM DECKER, Director of Finance and Organization for DPI, presented written testimony. (see attached). This is a significant piece of legislation. It sustains the current levy authority. He would propose an amendment with language that the House removed. This would allow the districts to include a ten mill building fund levy within the reorganization plan and allows for it to be approved by a simple majority vote in each district. With ND having 230 school districts, 153 districts have building funds of at least 10 mills. If you discount 41 of the 51 K-8s who do not have building funds, 10 do, then there are about 190 districts, mostly high school districts, that have some kind of a building fund levy in place already. With 153 districts having funds

already, there are only 40 that don't who might get into reorganization. Most of the districts in a reorganization, already having this authority, was very high. The department feels this building fund levy authority is a significant incentive that DPI can provide districts, that in fact do not represent a significant additional levy authority in most cases. If a school receives an advance for purposes of studying and planning related to reorganization and the reorganization is not successful, the school must pay the money back. If the reorganization does to through, the money is deducted from their payments. The 153 districts would be sustaining the current levy authority. When districts reorganize, unless they again pass levy authority to sustain a building fund, all the building funds the old districts had go away. Because the political subdivisions in which they existed go away and a new one is created, under current law, they must create a new building fund by a separate vote. They are, under current law, put in a position of having to create something they already have had and have come to depend on. SENATOR FREBORG stated that the only difference is that under reorganization the 60% does not apply. MR. DECKER stated that is correct and there is one vote. He stated that in most cases, the proposed new levy in a reorganized district would be close to the top of the amount allowed. The ending fund balance in a reorganization becomes the asset of the newly created district. In a voluntary dissolution, the assets are redistributed to the taxpayers. There was more discussion on large and small ending fund balances. MR. DECKER stated that if the large ending fund balance is used to buy down incrementally or all at once the mill levy increase that the new reorganized district puts in place, that may be a reasonable proposition.

BEV NIELSON, ND School Board Association, stated that different mill levies have been a barrier in some consolidations and reorganizations. This legislation helps with that by giving incremental increases.

MR. DECKER also stated the districts would vote separately on the plan which includes the 10 mill levy building fund.

There was no opposition to HB 1141.

CHAIRMAN FREBORG closed the hearing on HB 1141.

SENATOR COOK moved the amendment by TOM DECKER. (see attached) Seconded by SENATOR CHRISTENSON.

More discussion by the committee.

Roll Call Vote: 6 YES. 0 NO. 1 Absent. Amendment adopted.

3/7/01, Tape 2, Side B, 2.0 - 20.0

SENATOR WANZEK proposed an amendment 18157.0301 (see attached). SENATOR O'CONNELL seconded. Discussion: SENATOR WANZEK stated this amendment gives some options on the 800 square mile criteria for reorganization. This deals with a waiver committee that can consider some of the other qualifying factors and possibly waiving the 800 square miles. There is some room for appeal with this amendment. SENATOR COOK stated he feels maybe we should be a little stronger with the criteria on reorganization. SENATOR FREBORG stated the Department is a little tough on reorganization. He feels there would be more reorganizations if the criteria would be less stringent. SENATOR KELSH stated that if a school would be viable, there should be some leeway on the miles criteria. SENATOR WANZEK feels we need some flexibility on the reorganization issue at least as far as the 800 sq. Miles. We need to establish a goal, but the districts need to be given tools to implement the reorganization. SENATOR FREBORG stated his idea was to tie square miles and total

enrollment together. He feels if there are enough students to form a viable institution, the square miles should not be written in stone. TOM DECKER stated he feels tighter parameters need to be put in the bill. More discussion.

Roll Call Vote: 3 YES. 4 NO. 0 Absent. Motion to adopt the amendment Failed.

03-12-01, Tape 1, Side A, 13.2 - 29.1

SENATOR WANZEK presented an amendment (18157.0302). He stated the amendment is the same as the previous amendment (18157.0301) which would allow two school districts who want to reorganize but are a few miles short of the requirement to do it. This amendment states that they must be within 95% of the required square miles. He would not be opposed to another percentage, maybe 90%. He also would not be opposed to tying the mileage and the enrollment together or an either/or possibility. SENATOR KELSH asked if the state Superintendent does not waive the criteria for the square miles, can the State Board of High Ed. Waive the criteria. Can they waive any or all of the criteria? SENATOR WANZEK stated the intent was that the Superintendent can grant a waiver as long as the districts fall within the criteria as listed.

SENATOR COOK stated that the Superintendent, after looking over the criteria, determined the reorganized district would not be able to sustain a viable financial base, even if they met the criteria, would be able to deny the request. This reason could then be appealed to the State Board. SENATOR KELSH stated as he sees it, there are no limits as to what the State Board can do. More discussion on mileage, enrollment and waivers.

03-12-01, Tape 1, Side A, 49.0 - end, Side B, 0 - 39.0

SENATOR COOK presented an amendment which would start on line 4 of the bill. (see attached). This deals with how school districts in a reorganization plan may divide up their ending fund balances. When two or more districts reorganize, the district with the smallest

ending fund balance would divide the number of students into that balance to determine the amount per student. That district would then contribute all of their ending fund balance into the new reorganized district. The other districts would then take the same amount of dollars per student out of their ending fund balance and contribute that to the new reorganized district. Every district would be contributing to the reorganized district based on an amount per student. The districts with larger ending fund balances would be able to keep the dollars within their own district as a means of buying down property tax increases that may occur over a five year period until the money is gone.

SENATOR COOK moved the amendment. Seconded by SENATOR FLAKOLL.

Discussion continued. SENATOR COOK stated the intent was for the school with the lowest ending fund balance based on per student from previous year average daily membership.

SENATOR FLAKOLL asked how this works in terms where one school has a large debt. Could the school pay down some of their debt in terms of their ending fund balance. SENATOR FREBORG spoke to the question of debt. It has been that the reorganized district assumes the debt. However, the small district coming into the reorganization is not obligated to pay a bonded indebtedness of the district of residence. SENATOR COOK does not feel this issue will change anything now existing on debt. TOM DECKER answered questions for the committee. He stated only a handful of districts have capital debt. In a reorganization plan, this could be worked out. Generally and almost always, the assets and debts all go to the new reorganized district and they can buy down levies in any circumstances if they choose. This is not essential however. The money that goes into the new district is monies from Fund I (the general fund). This amendment does not change any of the options available to reorganizing districts, it is just another tool. Discussion on the "Decker amendment" that was adopted on 3/5/01 and this

amendment. (see attached testimony by TOM DECKER, 3-5-01). SENATOR KELSH wondered why all funds automatically go to reorganization. MR. DECKER stated that other parts of code (law) address the funds and give the districts options. SENATOR COOK stated the intent of the amendment was to make it easier to reorganize. The question was asked that if a district is at the limit of 200 mills, could they use their money to buy down their mill rate for 5 years. MR. DECKER feels that the new district would be able to apply the balance to the old district's taxable situation separately. He feels the greater good would be served if the old districts would just roll the assets into the new district's interim fund and starting out with a healthy balance and proposing to lower starting general fund money. SENATOR COOK added language to his amendment to clarify it - (line 8, after the first "balance", add "per student based on previous year ADM").

Roll Call Vote: 5 YES, 2 NO, 0 Absent. Amendment adopted.

TOM DECKER answered questions on amendment 18157.0302 (Wanzek's). He stated the waiver can only be applied to the square miles between 800 - 760 (95%). If enrollment and square miles are both used in determining waivers, we should use a sliding scale; as square miles go down, the number of students should go up, or if the square miles go up, the number of students should go down. There was more discussion among the committee members.

03-13-01, Tape 2, Side A, 9.2 - 21.3

SENATOR WANZEK presented an amendment for consideration. (18157.0303). This amendment has two things to look at: 1. The reorganizational criteria is separate from the bonuses. 2. The criteria to receive a bonus for reorganizing. SENATOR WANZEK stated that this amendment includes other amendments the committee has adopted. After reviewing the

amendment, SENATOR COOK wondered if all the different steps would be needed to be eligible for a bonus. He feels on Page 3, subsections b. - l. could be eliminated. He feels only a. and m. are needed. There was concern in Section 1 with the requirement for one school to have at least 225 students. More discussion as to this being two different things, two or more districts reorganizing and requirements for receiving a bonus.

03-14-01, Tape 2, Side B, 7.0 - end

SENATOR COOK presented an amendment. (18157.0304). The first criteria is 800 square miles for the bonus. If you can't meet the 800 square miles, but have 500 square miles and have 520 students, and have no practical alternative to get to 800 square miles, the district could reorganize and receive a bonus. Discussion on criteria for bonus and criteria for reorganization. SENATOR FREBORG asked about Section 6, subsection 2 in regard to bonus. SENATOR WANZEK asked if the wordage could be, after "if reorganized", replace the rest of the sentence with "would qualify for a reorganization bonus under Section 5, subsection 1, a. or b". SENATOR COOK stated that \$15,000 should be paid only if a district can and will reorganize. We want to encourage districts to reorganize who will qualify for a reorganization bonus under Section 5, subsection 1, a and b. More discussion on reorganization. TOM DECKER, DPI, offered an explanation to SENATOR FREBORG'S question; He asked what happens when these districts try really hard to reorganize and they meet the criteria for square miles and number of students, and for one reason or another, DPI doesn't approve it, do they have to pay the \$15,000 back. MR. DECKER stated that he did not feel there would be any districts who qualify under Section 5, a and b, who would not be approved. If any plan meets the criteria in a or b, he stated DPI would have to approve it. SENATOR WANZEK wondered if there would be support for some

Incremental steps using mileage and number of students. SENATOR FREBORCI asked why would we want to make it more difficult to reorganize.

SENATOR COOK moved to adopt the amendment with the revision of Section 6. (18157.0304). Seconded by **SENATOR WANZEK**.

Roll Call Vote: 6 YES. 1 NO. 0 Absent. Amendment Adopted.

SENATOR FLAKOLL moved a **DO PASS** as Amended. Seconded by **SENATOR COOK**.

Discussion continued. The appropriation for this is in a line item of the governor's budget.

SENATOR O'CONNELL wondered why does one district have to have K - 12 with at least 225 students in order to be approved for reorganization. **MR. DECKER** stated that there are a number of smaller districts in the state, and the reorganization should focus around core districts that have some viability. 225 students means 70+ students in high school. That would be the largest district in the process going in to reorganization. **DPI** is saying that if a reorganization effort has that criteria in place, they can go forward without any review. The department wants a reorganized district to be solvent and therefore has set some criteria.

Roll Call Vote: 7 YES. 0 NO. 0 Absent. Motion Carried.

Carrier: SENATOR WANZEK

03-21-01, Tape 1, Slide A., 22.0 - 43.9

SENATOR FLAKOLL moved to reconsider **HB 1141**. Seconded by **SENATOR KELSH**.

Roll Call Vote: 7 YES. 0 NO. 0 Absent. Motion carried.

There was discussion about removing Section 1 and Section 2 because of the concern with the number of students in one school district having to be 225. **SENATOR KELSH** asked if there is something in law that allows **DPI** to turn down a reorganization. **TOM DECKER** spoke to the

question. He stated that theoretically DPI could turn down a reorganization. If Section 1 is removed, so should Section 2 be removed because they go together and address approval for reorganization with one K - 12 school district having 225 students.

SENATOR KELSH moved the amendment (18157.0305) with removal of Section 1 and 2.

Seconded by SENATOR CHRISTENSON.

Roll Call Vote: 5 YES, 1 NO, 1 Absent. Amendment adopted.

SENATOR KELSH feels the goal is to get schools to reorganize and we should do all we can to support the effort. **SENATOR COOK** says that's fine, but if two small schools reorganize, they may have to reorganize again and again as time goes on to be viable.

SENATOR COOK moved a **DO PASS** as Amended. **Seconded by SENATOR KELSH.**

Roll Call Vote: 6 YES, 0 NO, 1 Absent. Motion Carried.

Carrier: SENATOR WANZEK

Adopted
6-0-1

PROPOSED AMENDMENT TO ENGROSSED HOUSE BILL 1141

Page 2, after line 24, insert:

3. A reorganization plan may include a proposed building fund levy of up to ten mills. Approval of the reorganization plan by a majority vote authorizes the building fund levy included in the reorganization plan and the sixty percent approval requirement in section 57-15-16 does not apply to this building fund levy.

Renumber accordingly

Adopted 3/5

Roll Call Vote #: /

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1141

Senate	Education	Committee
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☐ Subcommittee on _____

or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken adopt amendment by Tom Decker (DPI)

Motion Made By Sen. Cook Seconded By Sen. Christenson

[illegible]

Total (Yes) 6 No 0

Absent 1

Floor Assignment _____

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

March 7, 2001

failed
3-4-0

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1141

Page 1, line 1, after "to" insert "create and enact two new sections to chapter 15.1-12 of the North Dakota Century Code, relating to the waiver of reorganization criteria and reorganization bonuses; and to", replace "sections" with "section", and remove "and 15.1-12-11.1"

Page 1, line 3, remove "and the school district reorganization bonus"

Page 3, replace lines 14 through 31 with:

"SECTION 2. A new section to chapter 15.1-12 of the North Dakota Century Code is created and enacted as follows:

Waiver of square mile criteria.

1. If the boards of two or more school districts vote to pursue a reorganization but fail to meet the square mile criteria of section 15.1-12-11.1, the boards may jointly petition the superintendent of public instruction for a waiver of the square mile criteria. The superintendent shall waive the square mile criteria if:
 - a. The geographic location of the proposed reorganized district negates other practical reorganization alternatives;
 - b. The proposed reorganized district will offer students academic opportunities and other educational opportunities not otherwise available; and
 - c. The proposed reorganized district appears able to sustain a viable financial base for the foreseeable future.
2. Any board aggrieved by a decision of the superintendent of public instruction under this section may appeal the decision to the state board of public school education. A decision by the state board is final.

SECTION 3. A new section to chapter 15.1-12 of the North Dakota Century Code is created and enacted as follows:

Reorganization bonus - Advanced payment.

1. If the boards of two or more school districts vote to study the feasibility and desirability of reorganizing with each other, the boards may apply to the superintendent of public instruction for an advanced reorganization payment.
2. The superintendent of public instruction shall advance a payment of fifteen thousand dollars to the board of each school district that voted to study the reorganization, provided that at least one of the participating districts is a high school district and that the districts, if reorganized, would consist of at least eight hundred square miles [207198.40 hectares].

3. If the school districts reorganize, the superintendent of public instruction shall deduct any money advanced under this section from the amount of the bonus due the newly reorganized district under section 15.1-12.11.1.
4. If the school districts fail to reorganize, each district must repay the amount advanced by the superintendent of public instruction under this section, at the time and in the manner determined by the superintendent of public instruction."

Page 4, remove lines 1 through 16

Renumber accordingly

Date: _____
Roll Call Vote #: _____

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1141

Senate	Education	Committee
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☐ Subcommittee on _____
or _____

☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken Adopt amend. - failed

Motion Made By Sen. Wanzel Seconded By Sen. O'Connell

[illegible]

Total (Yes) 3 No 4

Absent 0

Floor Assignment

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

3/12/01
presented

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1141

Page 1, line 1, after "to" Insert "create and enact two new sections to chapter 15.1-12 of the North Dakota Century Code, relating to the waiver of reorganization criteria and reorganization bonuses; and to", replace "sections" with "section", and remove "and 15.1-12-11.1"

Page 1, line 3, remove "and the school district reorganization bonus"

Page 3, replace lines 14 through 31 with:

"SECTION 2. A new section to chapter 15.1-12 of the North Dakota Century Code is created and enacted as follows:

Waiver of square mile criteria.

1. If the boards of two or more school districts vote to pursue a reorganization but fail to meet the square mile criteria of section 15.1-12-11.1, the boards may jointly petition the superintendent of public instruction for a waiver of the square mile criteria. The superintendent may not waive the square mile criteria unless:
 - a. The geographic location of the proposed reorganized district negates other practical reorganization alternatives;
 - b. The proposed reorganized district will offer students academic opportunities and other educational opportunities not otherwise available;
 - c. The proposed reorganized district appears able to sustain a viable financial base for the foreseeable future; and
 - d. The actual square mileage of the proposed reorganized district is equal to at least ninety-five percent of the area required in section 15.1-12-11.1.
2. Any board aggrieved by a decision of the superintendent of public instruction under this section may appeal the decision to the state board of public school education. A decision by the state board is final.
3. If a waiver is granted under this section, the superintendent of public instruction shall reduce the total amount of any bonus payment to which the reorganized district is entitled under section 15.1-12-11.1 so that the district's bonus payment is the same percentage of the total amount otherwise payable as the reorganized district's actual square mileage is to the area required in section 15.1-12-11.1.

*For as many as possible, may not be required
if the waiver is granted then 95% -*

SECTION 3. A new section to chapter 15.1-12 of the North Dakota Century Code is created and enacted as follows:

Reorganization bonus - Advanced payment.

1. If the boards of two or more school districts vote to study the feasibility and desirability of reorganizing with each other, the boards may apply to the superintendent of public instruction for an advanced reorganization payment.
2. The superintendent of public instruction shall advance a payment of fifteen thousand dollars to the board of each school district that voted to study the reorganization, provided that at least one of the participating districts is a high school district and that the districts, if reorganized, would consist of at least eight hundred square miles (207198.40 hectares).
3. If the school districts reorganize, the superintendent of public instruction shall deduct any money advanced under this section from the amount of the bonus due the newly reorganized district under section 15.1-12-11.1.
4. If the school districts fail to reorganize, each district must repay the amount advanced by the superintendent of public instruction under this section, at the time and in the manner determined by the superintendent of public instruction."

Page 4, remove lines 1 through 16

Renumber accordingly

*adopted 5-2-0**3/12/01*~~SENATE BILL NO.~~*→ Cook
amendment to
HB 1141*

Introduced by

Senator Cook

(Approved by the Delayed Bills Committee)

- 1 A BILL for an Act to create and enact a new section to chapter 15.1-12 of the North Dakota
2 Century Code, relating to interim fund balances of reorganizing school districts.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1.** A new section to chapter 15.1-12 of the North Dakota Century Code is
5 created and enacted as follows:

6 **Reorganization - Interim fund balance - Credit.**

- 7 1. When two or more school districts reorganize, the participating district having the
8 lowest interim fund balance *per student based on previous year ADM* must divide the amount of its interim fund balance on
9 the day preceding the effective date of the reorganization by the number of
10 students in average daily membership in the district during the school year
11 concluding on the day preceding the effective date of the reorganization.
- 12 2. The participating district having the lowest interim fund balance must contribute the
13 total amount of its interim fund balance to the assets of the newly reorganized
14 district.
- 15 3. Each of the other participating districts must multiply the per student amount as
16 calculated under subsection 1 by the number of students in average daily
17 membership in their respective districts during the school year concluding on the
18 day preceding the effective date of the reorganization. Each of the other
19 participating districts must contribute the lesser of the amount arrived at under this
20 subsection or the total amount in its interim fund to the assets of the newly
21 reorganized district.
- 22 4. If after complying with the requirements of subsection 3, a participating district has
23 a balance available in its interim fund, the reorganization plan may allow that
24 balance to be used by or on behalf of property owners residing within the

Fifty-seventh
Legislative Assembly

- 1 boundaries of that participating district, as a proportionate credit against any
- 2 property taxes owed by the property owners. The reorganization plan must
- 3 determine the manner in which the proportionate credit may be used. The credit
- 4 may be used in its entirety on a single occasion or applied to several taxable years.
- 5 The credit may not be used beyond the fifth taxable year.

Roll Call Vote #: /

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1141

Senate Education Committee

☐ Subcommittee on _____
or _____

☐ Conference Committee

Legislative Council Amendment Number

Action Taken adopt Cook amendment 10819.0100

Motion Made By Sen. Cook Seconded By Sen. Flakoll

[illegible]

Total (Yes) 5 No 2

Absent 0

Floor Assignment

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

Adopted
6-1-C

March 14, 2001

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1141

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact five new sections to chapter 15.1-12 of the North Dakota Century Code, relating to school district reorganization; and to amend and reenact section 15.1-12-11.1 of the North Dakota Century Code, relating to school district reorganization bonuses.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 15.1-12 of the North Dakota Century Code is created and enacted as follows:

Approval for reorganization - Criteria. Neither a county committee nor the state board may consider or approve a reorganization under this chapter unless the reorganization includes at least one high school district that has an enrollment of at least two hundred twenty-five students.

SECTION 2. A new section to chapter 15.1-12 of the North Dakota Century Code is created and enacted as follows:

Isolation - Waiver of reorganization criteria.

1. If the boards of two or more school districts vote to pursue a reorganization but fail because of isolation to meet the criteria of section 1 of this Act, the boards may jointly petition the superintendent of public instruction for a waiver of the criteria. The superintendent may waive the criteria only if:
 - a. The proposed reorganized district will offer within its boundaries all grade levels from one through twelve;
 - b. The geographic location of the proposed reorganized district negates other practical reorganization alternatives;
 - c. The proposed reorganized district will offer students academic opportunities and other educational opportunities not otherwise available; and
 - d. The proposed reorganized district appears able to sustain a viable financial base into the foreseeable future.
2. Any board aggrieved by a decision of the superintendent of public instruction under this section may appeal the decision to the state board of public school education. A decision by the state board is final.

SECTION 3. A new section to chapter 15.1-12 of the North Dakota Century Code is created and enacted as follows:

Reorganization plan - Building fund levy. The reorganization plan required by section 15.1-12-09 may propose the inclusion of up to ten mills as a building fund levy. If the reorganization plan is approved by a majority of electors residing within the boundaries of the proposed new district, the building fund levy becomes effective, notwithstanding any other voter approval requirement in section 57-15-16.

SECTION 4. A new section to chapter 15.1-12 of the North Dakota Century Code is created and enacted as follows:

Reorganization plan - Interim fund balance.

1. The reorganization plan must specify whether the balance in the interim fund of each district participating in the reorganization is to be wholly or partially allocated to the general fund of the newly reorganized district.
2. If the reorganization plan provides that the balance in the interim fund of each district participating in the reorganization is to be wholly allocated to the general fund of the newly reorganized district, the reorganization plan may also provide that the general fund mill levy applicable to property in those participating districts having a general fund mill levy that is lower than the proposed general fund mill levy for the reorganized district may be raised incrementally, over a period of five years, to the level proposed for the reorganized district.
3.
 - a. If the reorganization plan provides that the balance in the interim fund of each district participating in the reorganization is to be partially allocated to the general fund of the newly reorganized district, then each participating district shall divide the amount of its interim fund balance on the day preceding the effective date of the reorganization by the number of students in average daily membership in the district during the school year concluding on the day preceding the effective date of the reorganization.
 - b. The participating district having the lowest per student interim fund balance must contribute the total amount of its interim fund balance to the general fund of the newly reorganized district.
 - c. Each of the other participating districts shall multiply the lowest district's per student interim fund amount by the number of students in average daily membership in their respective districts during the school year concluding on the day preceding the effective date of the reorganization. Each of the other participating districts must contribute the lesser of the amount arrived at under this subdivision or the total amount in its interim fund to the general fund of the newly reorganized district.
 - d. If after complying with the requirements of subdivision c, a participating district has a balance available in its interim fund, the reorganization plan must allow that balance to be used by or on behalf of property owners residing within the boundaries of that participating district, as a proportionate credit against any property taxes owed by the property owners. The reorganization plan must determine the manner in which the proportionate credit must be used. The credit may be used either in its entirety on a single occasion or applied to several taxable years. The credit may not be used beyond the fifth taxable year.

SECTION 5. AMENDMENT. Section 15.1-12-11.1 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

15.1-12-11.1. Reorganization bonus - Eligibility - Distribution.

1. If a school district reorganizes with one or more contiguous school districts or portions of districts, the newly reorganized district is entitled to receive a reorganization bonus, provided at least one of the reorganizing districts is a high school district and that the newly reorganized district consists;

- a. Consists of at least eight hundred square miles [207198 hectares]; or
 - b. Consists of at least five hundred square miles [129499 hectares], has a student enrollment of at least five hundred twenty, and had no practical reorganization alternatives that would have allowed it to meet the requirements of subdivision a.
2. The total reorganization bonus to which a newly reorganized district is eligible consists of:
 - a. Fifty thousand dollars per one hundred square mile [25899 hectares] block, or a major portion thereof, included within the reorganized district and calculated by determining the lesser of the total square mileage [hectares] of the reorganized district or one thousand four hundred square miles [362597 hectares], and subtracting from that amount the square mileage [hectares] of the largest district or portion of a district involved in the reorganization;
 - b. One thousand dollars per student calculated by determining the lesser of the total fall enrollment of the newly reorganized district or seven hundred fifty and subtracting from that amount the fall enrollment in the district or portion of the district that had the largest student population of those districts or portions of districts participating in the reorganization during the school year immediately preceding the effective date of the reorganization; and
 - c. Fifty thousand dollars for each whole school district that formed the reorganized district.
 3. The superintendent of public instruction shall distribute the reorganization bonus to each eligible reorganized district during the month of December, following the effective date of the district's reorganization.

SECTION 6. A new section to chapter 15.1-12 of the North Dakota Century Code is created and enacted as follows:

Reorganization bonus - Advanced payment.

1. If the boards of two or more school districts vote to study the feasibility and desirability of reorganizing with each other, the boards may apply to the superintendent of public instruction for an advanced reorganization payment.
2. The superintendent of public instruction shall advance a payment of fifteen thousand dollars to the board of each school district that voted to study the reorganization, provided that at least one of the participating districts is a high school district and that the districts, if reorganized, would consist of at least eight hundred square miles [207198.40 hectares]. *would qualify for a*
under Sec 5, sub-sec 1, a + b.
3. If the school districts reorganize, the superintendent of public instruction shall deduct any money advanced under this section from the amount of the bonus due the newly reorganized district under section 15.1-12-11.1.
4. If the school districts fail to reorganize, each district must repay the amount advanced by the superintendent of public instruction under this section, at the time and in the manner determined by the superintendent of public instruction.

Renumber accordingly

Date: _____
Roll Call Vote #: /

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1141

Senate	Education	Committee
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☐ Subcommittee on _____

or

☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken adopt amendment 18157.0304 w corrections

Motion Made By Sen. Cook Seconded By Sen. Wanzek

[illegible]

Total (Yes) 6 No 5

Absent

Floor Assignment

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

Adopted 3-1-01
PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1141

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact five new sections to chapter 15.1-12 of the North Dakota Century Code, relating to school district reorganization; and to amend and reenact section 15.1-12-11.1 of the North Dakota Century Code, relating to school district reorganization bonuses.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 15.1-12 of the North Dakota Century Code is created and enacted as follows:

Approval for reorganization - Criteria. Neither a county committee nor the state board may consider or approve a reorganization under this chapter unless the reorganization includes at least one high school district that has an enrollment of at least two hundred twenty-five students.

SECTION 2. A new section to chapter 15.1-12 of the North Dakota Century Code is created and enacted as follows:

Isolation - Waiver of reorganization criteria.

1. If the boards of two or more school districts vote to pursue a reorganization but fail because of isolation to meet the criteria of section 1 of this Act, the boards may jointly petition the superintendent of public instruction for a waiver of the criteria. The superintendent may waive the criteria only if:
 - a. The proposed reorganized district will offer within its boundaries all grade levels from one through twelve;
 - b. The geographic location of the proposed reorganized district negates other practical reorganization alternatives;
 - c. The proposed reorganized district will offer students academic opportunities and other educational opportunities not otherwise available; and
 - d. The proposed reorganized district appears able to sustain a viable financial base into the foreseeable future.
2. Any board aggrieved by a decision of the superintendent of public instruction under this section may appeal the decision to the state board of public school education. A decision by the state board is final.

SECTION 3. A new section to chapter 15.1-12 of the North Dakota Century Code is created and enacted as follows:

Reorganization plan - Building fund levy. The reorganization plan required by section 15.1-12-09 may propose the inclusion of up to ten mills as a building fund levy. If the reorganization plan is approved by a majority of electors residing within the boundaries of the proposed new district, the building fund levy becomes effective, notwithstanding any other voter approval requirement in section 57-15-16.

SECTION 4. A new section to chapter 15.1-12 of the North Dakota Century Code is created and enacted as follows:

2043

Reorganization plan - Interim fund balance.

1. The reorganization plan must specify whether the balance in the interim fund of each district participating in the reorganization is to be wholly or partially allocated to the general fund of the newly reorganized district.
2. If the reorganization plan provides that the balance in the interim fund of each district participating in the reorganization is to be wholly allocated to the general fund of the newly reorganized district, the reorganization plan may also provide that the general fund mill levy applicable to property in those participating districts having a general fund mill levy that is lower than the proposed general fund mill levy for the reorganized district may be raised incrementally, over a period of five years, to the level proposed for the reorganized district.
3.
 - a. If the reorganization plan provides that the balance in the interim fund of each district participating in the reorganization is to be partially allocated to the general fund of the newly reorganized district, then each participating district shall divide the amount of its interim fund balance on the day preceding the effective date of the reorganization by the number of students in average daily membership in the district during the school year concluding on the day preceding the effective date of the reorganization.
 - b. The participating district having the lowest per student interim fund balance must contribute the total amount of its interim fund balance to the general fund of the newly reorganized district.
 - c. Each of the other participating districts shall multiply the lowest district's per student interim fund amount by the number of students in average daily membership in their respective districts during the school year concluding on the day preceding the effective date of the reorganization. Each of the other participating districts must contribute the lesser of the amount arrived at under this subdivision or the total amount in its interim fund to the general fund of the newly reorganized district.
 - d. If after complying with the requirements of subdivision c, a participating district has a balance available in its interim fund, the reorganization plan must allow that balance to be used by or on behalf of property owners residing within the boundaries of that participating district, as a proportionate credit against any property taxes owed by the property owners. The reorganization plan must determine the manner in which the proportionate credit must be used. The credit may be used either in its entirety on a single occasion or applied to several taxable years. The credit may not be used beyond the fifth taxable year.

SECTION 5. AMENDMENT. Section 15.1-12-11.1 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

15.1-12-11.1. Reorganization bonus - Eligibility - Distribution.

1. If a school district reorganizes with one or more contiguous school districts or portions of districts, the newly reorganized district is entitled to receive a reorganization bonus, provided at least one of the reorganizing districts is a high school district and that the newly reorganized district ~~consists~~
 - a. Consists of at least eight hundred square miles [207198 hectares]; or

30f3

- b. Consists of at least five hundred square miles [129499 hectares], has a student enrollment of at least five hundred twenty, and had no practical reorganization alternatives that would have allowed it to meet the requirements of subdivision a.
2. The total reorganization bonus to which a newly reorganized district is eligible consists of:
 - a. Fifty thousand dollars per one hundred square mile [25899 hectares] block, or a major portion thereof, included within the reorganized district and calculated by determining the lesser of the total square mileage [hectares] of the reorganized district or one thousand four hundred square miles [362597 hectares], and subtracting from that amount the square mileage [hectares] of the largest district or portion of a district involved in the reorganization;
 - b. One thousand dollars per student calculated by determining the lesser of the total fall enrollment of the newly reorganized district or seven hundred fifty and subtracting from that amount the fall enrollment in the district or portion of the district that had the largest student population of those districts or portions of districts participating in the reorganization during the school year immediately preceding the effective date of the reorganization; and
 - c. Fifty thousand dollars for each whole school district that formed the reorganized district.
3. The superintendent of public instruction shall distribute the reorganization bonus to each eligible reorganized district during the month of December, following the effective date of the district's reorganization.

SECTION 6. A new section to chapter 15.1-12 of the North Dakota Century Code is created and enacted as follows:

Reorganization bonus - Advanced payment.

1. If the boards of two or more school districts vote to study the feasibility and desirability of reorganizing with each other, the boards may apply to the superintendent of public instruction for an advanced reorganization payment.
2. The superintendent of public instruction shall advance a payment of fifteen thousand dollars to the board of each school district that voted to study the reorganization, provided that at least one of the participating districts is a high school district and that the districts, if reorganized, would qualify for a reorganization bonus under section 15.1-12-11.1.
3. If the school districts reorganize, the superintendent of public instruction shall deduct any money advanced under this section from the amount of the bonus due the newly reorganized district under section 15.1-12-11.1.
4. If the school districts fail to reorganize, each district must repay the amount advanced by the superintendent of public instruction under this section, at the time and in the manner determined by the superintendent of public instruction."

Renumber accordingly

Roll Call Vote #: 2

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1141

Senate	Education	Committee
--------	-----------	-----------

☐ Subcommittee on _____
or _____

☐ Conference Committee

Legislative Council Amendment Number

Action Taken *DPA*

Motion Made By Sen. Flakoll Seconded By Sen. Cook

[illegible]

Total (Yes) 7 No 0

Absent 0

Floor Assignment Ann Wannerk

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

REPORT OF STANDING COMMITTEE

HB 1141, as reengrossed: Education Committee (Sen. Freborg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Reengrossed HB 1141 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact five new sections to chapter 15.1-12 of the North Dakota Century Code, relating to school district reorganization; and to amend and reenact section 15.1-12-11.1 of the North Dakota Century Code, relating to school district reorganization bonuses.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 15.1-12 of the North Dakota Century Code is created and enacted as follows:

Approval for reorganization - Criteria. Neither a county committee nor the state board may consider or approve a reorganization under this chapter unless the reorganization includes at least one high school district that has an enrollment of at least two hundred twenty-five students.

SECTION 2. A new section to chapter 15.1-12 of the North Dakota Century Code is created and enacted as follows:

Isolation - Waiver of reorganization criteria.

1. If the boards of two or more school districts vote to pursue a reorganization but fail because of isolation to meet the criteria of section 1 of this Act, the boards may jointly petition the superintendent of public instruction for a waiver of the criteria. The superintendent may waive the criteria only if:
 - a. The proposed reorganized district will offer within its boundaries all grade levels from one through twelve;
 - b. The geographic location of the proposed reorganized district negates other practical reorganization alternatives;
 - c. The proposed reorganized district will offer students academic opportunities and other educational opportunities not otherwise available; and
 - d. The proposed reorganized district appears able to sustain a viable financial base into the foreseeable future.
2. Any board aggrieved by a decision of the superintendent of public instruction under this section may appeal the decision to the state board of public school education. A decision by the state board is final.

SECTION 3. A new section to chapter 15.1-12 of the North Dakota Century Code is created and enacted as follows:

Reorganization plan - Building fund levy. The reorganization plan required by section 15.1-12-09 may propose the inclusion of up to ten mills as a building fund levy. If the reorganization plan is approved by a majority of electors residing within the boundaries of the proposed new district, the building fund levy becomes effective, notwithstanding any other voter approval requirement in section 57-15-16.

SECTION 4. A new section to chapter 15.1-12 of the North Dakota Century Code is created and enacted as follows:

Reorganization plan - Interim fund balance.

1. The reorganization plan must specify whether the balance in the interim fund of each district participating in the reorganization is to be wholly or partially allocated to the general fund of the newly reorganized district.
2. If the reorganization plan provides that the balance in the interim fund of each district participating in the reorganization is to be wholly allocated to the general fund of the newly reorganized district, the reorganization plan may also provide that the general fund mill levy applicable to property in those participating districts having a general fund mill levy that is lower than the proposed general fund mill levy for the reorganized district may be raised incrementally, over a period of five years, to the level proposed for the reorganized district.
3.
 - a. If the reorganization plan provides that the balance in the interim fund of each district participating in the reorganization is to be partially allocated to the general fund of the newly reorganized district, then each participating district shall divide the amount of its interim fund balance on the day preceding the effective date of the reorganization by the number of students in average daily membership in the district during the school year concluding on the day preceding the effective date of the reorganization.
 - b. The participating district having the lowest per student interim fund balance must contribute the total amount of its interim fund balance to the general fund of the newly reorganized district.
 - c. Each of the other participating districts shall multiply the lowest district's per student interim fund amount by the number of students in average daily membership in their respective districts during the school year concluding on the day preceding the effective date of the reorganization. Each of the other participating districts must contribute the lesser of the amount arrived at under this subdivision or the total amount in its interim fund to the general fund of the newly reorganized district.
 - d. If after complying with the requirements of subdivision c, a participating district has a balance available in its interim fund, the reorganization plan must allow that balance to be used by or on behalf of property owners residing within the boundaries of that participating district, as a proportionate credit against any property taxes owed by the property owners. The reorganization plan must determine the manner in which the proportionate credit must be used. The credit may be used either in its entirety on a single occasion or applied to several taxable years. The credit may not be used beyond the fifth taxable year.

SECTION 5. AMENDMENT. Section 15.1-12-11.1 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

15.1-12-11.1. Reorganization bonus - Eligibility - Distribution.

1. If a school district reorganizes with one or more contiguous school districts or portions of districts, the newly reorganized district is entitled to receive a reorganization bonus, provided at least one of the reorganizing districts is a high school district and that the newly reorganized district ~~consists~~ consists:
 - a. Consists of at least eight hundred square miles [207198 hectares]; or
 - b. Consists of at least five hundred square miles [129499 hectares], has a student enrollment of at least five hundred twenty, and had no practical reorganization alternatives that would have allowed it to meet the requirements of subdivision a.
2. The total reorganization bonus to which a newly reorganized district is eligible consists of:
 - a. Fifty thousand dollars per one hundred square mile [25899 hectares] block, or a major portion thereof, included within the reorganized district and calculated by determining the lesser of the total square mileage [hectares] of the reorganized district or one thousand four hundred square miles [362597 hectares], and subtracting from that amount the square mileage [hectares] of the largest district or portion of a district involved in the reorganization;
 - b. One thousand dollars per student calculated by determining the lesser of the total fall enrollment of the newly reorganized district or seven hundred fifty and subtracting from that amount the fall enrollment in the district or portion of the district that had the largest student population of those districts or portions of districts participating in the reorganization during the school year immediately preceding the effective date of the reorganization; and
 - c. Fifty thousand dollars for each whole school district that formed the reorganized district.
3. The superintendent of public instruction shall distribute the reorganization bonus to each eligible reorganized district during the month of December, following the effective date of the district's reorganization.

SECTION 6. A new section to chapter 15.1-12 of the North Dakota Century Code is created and enacted as follows:

Reorganization bonus - Advanced payment.

1. If the boards of two or more school districts vote to study the feasibility and desirability of reorganizing with each other, the boards may apply to the superintendent of public instruction for an advanced reorganization payment.
2. The superintendent of public instruction shall advance a payment of fifteen thousand dollars to the board of each school district that voted to study the reorganization, provided that at least one of the participating districts is a high school district and that the districts, if reorganized, would qualify for a reorganization bonus under section 15.1-12-11.1.
3. If the school districts reorganize, the superintendent of public instruction shall deduct any money advanced under this section from the amount of the bonus due the newly reorganized district under section 15.1-12-11.1.

4. If the school districts fail to reorganize, each district must repay the amount advanced by the superintendent of public instruction under this section, at the time and in the manner determined by the superintendent of public instruction."

Renumber accordingly

Date: 3/21/01 4B1141
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

Senate Education Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken move to reconsider HB 1141

Motion Made By Sen. Flakoll Seconded By Sen. Kelsh

Senators	Yes	No	Senators	Yes	No
Senator Freborg - Chairman	✓		Senator Christenson	✓	
Senator Flakoll - Vice Chairman	✓		Senator Kelsh	✓	
Senator Cook	✓		Senator O'Connell	✓	
Senator Wanzek	✓				

Total (Yes) 7 No 0

Absent _____

Floor Assignment _____

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

Date: 3/21/01
Roll Call Vote #: 2

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

Senate	Education	Committee
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☐ Subcommittee on _____
or _____

☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken adopt amend. deleting Sec. 1 & 2

Motion Made By Sen. Kulsh Seconded By Sen. Christenson

[illegible]

Total (Yes) 5 No 1

Absent

Floor Assignment

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

Roll Call Vote #: 3

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1141

Senate	Education	Committee
--------	-----------	-----------

☐ Subcommittee on _____

or

☐ Conference Committee

Legislative Council Amendment Number

Action Taken DPA

Motion Made By Sen. Cook Seconded By Sen. Kelsch

[illegible]

Total (Yes) 6 No 0

Absent

Floor Assignment Sen. Warner

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

REPORT OF STANDING COMMITTEE

HB 1141, as reengrossed: Education Committee (Sen. Freborg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Reengrossed HB 1141 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact three new sections to chapter 15.1-12 of the North Dakota Century Code, relating to school district reorganization; and to amend and reenact section 15.1-12-11.1 of the North Dakota Century Code, relating to school district reorganization bonuses.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 15.1-12 of the North Dakota Century Code is created and enacted as follows:

Reorganization plan - Building fund levy. The reorganization plan required by section 15.1-12-09 may propose the inclusion of up to ten mills as a building fund levy. If the reorganization plan is approved by a majority of electors residing within the boundaries of the proposed new district, the building fund levy becomes effective, notwithstanding any other voter approval requirement in section 57-15-16.

SECTION 2. A new section to chapter 15.1-12 of the North Dakota Century Code is created and enacted as follows:

Reorganization plan - Interim fund balance.

1. The reorganization plan must specify whether the balance in the interim fund of each district participating in the reorganization is to be wholly or partially allocated to the general fund of the newly reorganized district.
2. If the reorganization plan provides that the balance in the interim fund of each district participating in the reorganization is to be wholly allocated to the general fund of the newly reorganized district, the reorganization plan may also provide that the general fund mill levy applicable to property in those participating districts having a general fund mill levy that is lower than the proposed general fund mill levy for the reorganized district may be raised incrementally, over a period of five years, to the level proposed for the reorganized district.
3. a. If the reorganization plan provides that the balance in the interim fund of each district participating in the reorganization is to be partially allocated to the general fund of the newly reorganized district, then each participating district shall divide the amount of its interim fund balance on the day preceding the effective date of the reorganization by the number of students in average daily membership in the district during the school year concluding on the day preceding the effective date of the reorganization.
 - b. The participating district having the lowest per student interim fund balance must contribute the total amount of its interim fund balance to the general fund of the newly reorganized district.
 - c. Each of the other participating districts shall multiply the lowest district's per student interim fund amount by the number of students in average daily membership in their respective districts during the

school year concluding on the day preceding the effective date of the reorganization. Each of the other participating districts must contribute the lesser of the amount arrived at under this subdivision or the total amount in its interim fund to the general fund of the newly reorganized district.

- d. If after complying with the requirements of subdivision c, a participating district has a balance available in its interim fund, the reorganization plan must allow that balance to be used by or on behalf of property owners residing within the boundaries of that participating district, as a proportionate credit against any property taxes owed by the property owners. The reorganization plan must determine the manner in which the proportionate credit must be used. The credit may be used either in its entirety on a single occasion or applied to several taxable years. The credit may not be used beyond the fifth taxable year.

SECTION 3. AMENDMENT. Section 15.1-12-11.1 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

15.1-12-11.1. Reorganization bonus - Eligibility - Distribution. '

1. If a school district reorganizes with one or more contiguous school districts or portions of districts, the newly reorganized district is entitled to receive a reorganization bonus, provided at least one of the reorganizing districts is a high school district and that the newly reorganized district ~~consists~~ consists:
 - a. Consists of at least eight hundred square miles [207198 hectares]; or
 - b. Consists of at least five hundred square miles [129499 hectares], has a student enrollment of at least five hundred twenty, and had no practical reorganization alternatives that would have allowed it to meet the requirements of subdivision a.
2. The total reorganization bonus to which a newly reorganized district is eligible consists of:
 - a. Fifty thousand dollars per one hundred square mile [25899 hectares] block, or a major portion thereof, included within the reorganized district and calculated by determining the lesser of the total square mileage [hectares] of the reorganized district or one thousand four hundred square miles [362597 hectares], and subtracting from that amount the square mileage [hectares] of the largest district or portion of a district involved in the reorganization;
 - b. One thousand dollars per student calculated by determining the lesser of the total fall enrollment of the newly reorganized district or seven hundred fifty and subtracting from that amount the fall enrollment in the district or portion of the district that had the largest student population of those districts or portions of districts participating in the reorganization during the school year immediately preceding the effective date of the reorganization; and
 - c. Fifty thousand dollars for each whole school district that formed the reorganized district.

3. The superintendent of public instruction shall distribute the reorganization bonus to each eligible reorganized district during the month of December, following the effective date of the district's reorganization.

SECTION 4. A new section to chapter 15.1-12 of the North Dakota Century Code is created and enacted as follows:

Reorganization bonus - Advanced payment.

1. If the boards of two or more school districts vote to study the feasibility and desirability of reorganizing with each other, the boards may apply to the superintendent of public instruction for an advanced reorganization payment.
2. The superintendent of public instruction shall advance a payment of fifteen thousand dollars to the board of each school district that voted to study the reorganization, provided that at least one of the participating districts is a high school district and that the districts, if reorganized, would qualify for a reorganization bonus under section 15.1-12-11.1.
3. If the school districts reorganize, the superintendent of public instruction shall deduct any money advanced under this section from the amount of the bonus due the newly reorganized district under section 15.1-12-11.1.
4. If the school districts fail to reorganize, each district must repay the amount advanced by the superintendent of public instruction under this section, at the time and in the manner determined by the superintendent of public instruction."

Renumber accordingly

2001 HOUSE EDUCATION

CONFERENCE COMMITTEE

HB 1141

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1141-conference

House Education Committee

☐ Conference Committee

Hearing Date 04-11-01

Tape Number	Side A	Side B	Meter #
TAPE II	x		01 to 681
Committee Clerk Signature <i>Joan Diers</i>			

Minutes: Chairman Kelsch called the conference committee on HB 1141 to order and ask the clerk to take the roll, Note that a quorum is present (all six members). The purposed of this meeting is to talk to the Senate about their amendments on HB 1141 and the purpose behind the amendments. Specifically section two.

Senator Cook: Those are my amendments. Here is the intent of the amendments, during the discussion of the bill, the question was asked, if you have two school districts that are considering reorganization. Does the fact that one school district has a tremendously high ending fund balance ever hinder reorganization efforts. The answer was yes, it does. So the intent was to give them some options. One is that they can just dissolve and the second is this plan. They could reorganize and pay any increases in the mill levy.

Rep Haas: I'm reading page one, in other words they could not do number two and number three, they either do one or the other, right.

Senator Cook: Correct, we had to adopt this language for a couple of times to try to make it for all situations that would happen. Goes on to give an example.

Rep Haas: The one that has the least would all of their interim fund go in.

Senator Cook: Yes, but then goes on to explain what would happen in other situations.

Rep Haas: Was there any discussion about the record keeping. The complications of the record keeping for the county auditors.

Senator Cook: No, there was not.

Rep Hanson: Do you remember, there was someone from Ward County in here that had this same proposal, can't they do that now.

Chairman Kelsch: that was the impression that I had.

Rep Haas: I think that is only if the district goes through dissolution, right.

Chairman Kelsch: That was a dissolution process rather than.

Senator Cook: That is the answer that we had.

Rep Haas: I want to make one more comment, it just seems that it would be a very cumbersome bookkeeping problem, but I guess we will just have to let them do it.

Senator Flakoll: It removes the barrier of the schools to reorganize.

Chairman Kelsch: Are there any further questions, comments.

Rep Haas: I move that the House accede to the Senate amendments.

Senator Cook: Second.

Chairman Kelsch: The clerk will call the roll on the motion. The motion passes with a vote of 6 YES, 0 NO and 0 ABSENT. The motion passes, this committee is adjourned.

JB
3-21-01
1 of 3

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1141

Amendments to REENGK HB 1141

EDUC

3/21/01

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact three new sections to chapter 15.1-12 of the North Dakota Century Code, relating to school district reorganization; and to amend and reenact section 15.1-12-11.1 of the North Dakota Century Code, relating to school district reorganization bonuses.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 15.1-12 of the North Dakota Century Code is created and enacted as follows:

Reorganization plan - Building fund levy. The reorganization plan required by section 15.1-12-09 may propose the inclusion of up to ten mills as a building fund levy. If the reorganization plan is approved by a majority of electors residing within the boundaries of the proposed new district, the building fund levy becomes effective, notwithstanding any other voter approval requirement in section 57-15-16.

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3.
 - a. If the reorganization plan provides that the balance in the interim fund of each district participating in the reorganization is to be partially allocated to the general fund of the newly reorganized district, then each participating district shall divide the amount of its interim fund balance on the day preceding the effective date of the reorganization by the number of students in average daily membership in the district during the school year concluding on the day preceding the effective date of the reorganization.
 - b. The participating district having the lowest per student interim fund balance must contribute the total amount of its interim fund balance to the general fund of the newly reorganized district.
 - c. Each of the other participating districts shall multiply the lowest district's per student interim fund amount by the number of students in average daily membership in their respective districts during the school year concluding on the day preceding the effective date of the reorganization. Each of the other participating districts must contribute the lesser of the amount arrived at under this subdivision or

the total amount in its interim fund to the general fund of the newly reorganized district.

- d. If after complying with the requirements of subdivision c, a participating district has a balance available in its interim fund, the reorganization plan must allow that balance to be used by or on behalf of property owners residing within the boundaries of that participating district, as a proportionate credit against any property taxes owed by the property owners. The reorganization plan must determine the manner in which the proportionate credit must be used. The credit may be used either in its entirety on a single occasion or applied to several taxable years. The credit may not be used beyond the fifth taxable year.

SECTION 3. AMENDMENT. Section 15.1-12-11.1 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

15.1-12-11.1. Reorganization bonus - Eligibility - Distribution.

1. If a school district reorganizes with one or more contiguous school districts or portions of districts, the newly reorganized district is entitled to receive a reorganization bonus, provided at least one of the reorganizing districts is a high school district and that the newly reorganized district ~~consists~~
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 - b. Consists of at least five hundred square miles [129499 hectares], has a student enrollment of at least five hundred twenty, and had no practical reorganization alternatives that would have allowed it to meet the requirements of subdivision a.
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 - b. One thousand dollars per student calculated by determining the lesser of the total fall enrollment of the newly reorganized district or seven hundred fifty and subtracting from that amount the fall enrollment in the district or portion of the district that had the largest student population of those districts or portions of districts participating in the reorganization during the school year immediately preceding the effective date of the reorganization; and
 - c. Fifty thousand dollars for each whole school district that formed the reorganized district.
3. The superintendent of public instruction shall distribute the reorganization bonus to each eligible reorganized district during the month of December, following the effective date of the district's reorganization.

SECTION 4. A new section to chapter 15.1-12 of the North Dakota Century Code is created and enacted as follows:

3 of 3

Reorganization bonus - Advanced payment.

1. If the boards of two or more school districts vote to study the feasibility and desirability of reorganizing with each other, the boards may apply to the superintendent of public instruction for an advanced reorganization payment.
2. The superintendent of public instruction shall advance a payment of fifteen thousand dollars to the board of each school district that voted to study the reorganization, provided that at least one of the participating districts is a high school district and that the districts, if reorganized, would qualify for a reorganization bonus under section 15.1-12-11.1.
3. If the school districts reorganize, the superintendent of public instruction shall deduct any money advanced under this section from the amount of the bonus due the newly reorganized district under section 15.1-12-11.1.
4. If the school districts fail to reorganize, each district must repay the amount advanced by the superintendent of public instruction under this section, at the time and in the manner determined by the superintendent of public instruction."

Renumber accordingly

Date: 24-11-01

Roll Call Vote # /

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. *HB-1141*

House Education Committee

☐ Subcommittee on _____

or

☒ Conference Committee

Legislative Council Amendment Number

Action Taken House accede to Senate Amendment

Motion Made By Rep Haas Seconded By Sen Cook

[illegible]

Total (Yes) 6 No 0

Absent ~~Ø~~

Floor Assignment

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

REPORT OF CONFERENCE COMMITTEE

HB 1141, as reengrossed: Your conference committee (Sens. Cook, Flakoll, O'Connell and Reps. R. Kelsch, Haas, Hanson) recommends that the **HOUSE ACCEDE** to the Senate amendments on HJ pages 1095-1097 and place HB 1141 on the Seventh order.

Reengrossed HB 1141 was placed on the Seventh order of business on the calendar.

REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE) - 420

07398

(Bill Number) HB 1141 (, as (re)engrossed):

Your Conference Committee

For the Senate:

Sen Cook
Sen Flakoll
Sen O'Connell

For the House:

Ch. Kelack
Rep Haas
Rep Hanson

☐ recommends that the (SENATE HOUSE) (ACCEDE to) (RECEDE from)
the (Senate/House) amendments on (80/HJ) page(s) 1075 - 1111

☐ and place 1141 on the Seventh order.

☐ , adopt (further) amendments as follows, and place
_____ on the Seventh order:

☐ having been unable to agree, recommends that the committee be discharged
and a new committee be appointed.

((Re)Engrossed) 1141 was placed on the Seventh order of business on the
calendar.

DATE: 04 / 11 / 01

CARRIER: _____

LC NO. _____ of amendment

LC NO. _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

2001 TESTIMONY

HB 1141

**TESTIMONY ON HB 1141
HOUSE EDUCATION COMMITTEE**

February 5, 2001

By Tom Decker, Director of Finance and Organization

328-2267

Department of Public Instruction

Madam Chairman and members of the committee:

House Bill 1141 makes three significant changes in North Dakota's current school district reorganization statutes.

On page 2 at lines 19 through 24 the new language allows school districts within a newly reorganized district to bring their general fund levies to the level set for the new district over a period of time.

For example, if the new district wants a general fund levy of 200 mills and one district within the reorganization is currently at 140 mills for the general fund, that district could be allowed to incrementally increase their levy to 200 mills over a five-year period. This language is permissive. It does not require that levies come to parity over five years. It simply allows for the districts developing a reorganization plan to include that feature.

As we look at possible future reorganizations in North Dakota there are circumstances in which there are very significant differences between the general fund levies of districts that arguably should reorganize into a single new district. Having major differences in levies is a significant impediment to progress in reorganization discussions. We believe that this provision will make it possible for districts with these significant differences to develop reorganization plans more readily.

The second change at lines 25 through 28 allows the districts developing a reorganization plan to include a ten mill building fund levy within the reorganization plan and allows for that ten mill building levy to be approved

by a simple majority vote in each district the same as is required to approve the reorganization.

Currently school district building fund levies for newly reorganized districts must be voted on as a separate issue in addition to the reorganization vote and require a 60% majority vote. We have had a number of cases in the last two years in which the reorganization was approved but the ten mill building fund was not approved. In both of those cases the ten mill building fund was not approved by one district in a reorganization that included three or four districts.

The final proposed change is at lines 15 through 21 on page 4. This allows school districts that are reorganizing and qualify for a bonus to receive an advance of \$15,000 per district for purposes of studying and planning related to reorganization. If the reorganization is successful the advance is deducted from the reorganization bonus. If the reorganization effort fails the advance would not be repaid.

**TESTIMONY ON HB 1141
SENATE EDUCATION COMMITTEE**

March 5, 2001

By Tom Decker, Director of Finance and Organization

328-2267

Department of Public Instruction

Mr. Chairman and members of the committee:

Engrossed House Bill 1141 makes two significant changes in North Dakota's current school district reorganization statutes.

On page 2 at lines 19 through 24 the new language allows school districts within a newly reorganized district to bring their general fund levies to the level set for the new district over a period of time.

For example, if the new district wants a general fund levy of 200 mills and one district within the reorganization is currently at 140 mills for the general fund, that district could be allowed to incrementally increase their levy to 200 mills over a five-year period. This language is permissive. It does not require that levies come to parity over five years. It simply allows for the districts developing a reorganization plan to include that feature.

As we look at possible future reorganizations in North Dakota there are circumstances in which there are very significant differences between the general fund levies of districts that arguably should reorganize into a single new district. Having major differences in levies is a significant impediment to progress in reorganization discussions. We believe that this provision will make it possible for districts with these significant differences to develop reorganization plans more readily. *65-70 mills in some cases*

The second change, we would like to offer an amendment on page 2, after line 24 that allows the districts developing a reorganization plan to include a ten mill building fund levy within the reorganization plan and allows for that ten

mill building levy to be approved by a simple majority vote in each district the same as is required to approve the reorganization.

Currently school district building fund levies for newly reorganized districts must be voted on as a separate issue in addition to the reorganization vote and require a 60% majority vote. We have had a number of cases in the last two years in which the reorganization was approved but the ten mill building fund was not approved. In both of those cases the ten mill building fund was not approved by one district in a reorganization that included three or four districts. *most cases need a 10 mill levy bld. fund. 153 have fund - only 40 don't -*

The final proposed change is on page 4, lines 9 through 17. This allows school districts that are reorganizing and qualify for a bonus to receive an advance of \$15,000 per district for purposes of studying and planning related to reorganization. If the reorganization is successful the advance is deducted from the reorganization bonus. If the reorganization effort fails the advance would ~~not~~ be repaid.