

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2084

2005 SENATE EDUCATION

SB 2084

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2084

Senate Education Committee

Conference Committee

Hearing Date 1/10/05

Tape Number	Side A	Side B	Meter #
1	x		0-1177
Committee Clerk Signature <i>Patty Wilkens</i>			

**Minutes: relating to nonoperating school districts.**

**Senator Layton Freborg**, Chairman called the meeting to order on SB 2084

**Testimony in support of the Bill:**

Tom Decker : Director of School Finance and Organization for DPI

See attached: written testimony

Senator Flakoll : What's the reason for going nonoperating? They had enough money in the bank, did they just run out of kids?

Tom Decker : Normal dissolution process for a district to enter dissolution, From the time they cease providing grade level services to some number of grade, they have one year and we think that's reasonable. What's happened however with most cases since 1993 when we adopted voluntary dissolution, in fact that districts have ceased to provide grade level services to students in May and dissolve in Aug. of the same yr. That's what happens with poor districts. They can't

afford to be in nonoperating status for even one yr. In most cases they are running out of students and in most districts they started out property wealthy in the sense of evaluation per pupil. So they stay around for 3 years to take advantage of the tax status. (meter #380 statistic of mill levy between the two schools mentioned in the testimony attached.)

**Senator G. Lee :** This may be hypothetical, maybe this isn't the best situation that we want to have happen, but if we don't allow it, will some of these districts continue on in the fashion they are, without looking to dissolve in a timely manner anyway?

**Tom Decker:** I don't think so, at some point of running out of students, there are a low # of students in many of them, they just couldn't afford to take advantage of the three yr. tax out.

**Senator Freborg :** When they dissolve what happens to their surplus? Do they carry it to the other district or is it returned?

**Tom Decker :** Any district that goes through dissolution now, they have a standard process, they put aside 10,000.00 dollars, which is held by the auditor for unforeseen expenses of that former political sub division, rest of the money is turned over to the county treasurer to be granted to the tax payers of the former district as a tax rebate.

**Senator Freborg :** Nothing carries into the new district?

**Tom Decker :** The only part of money of dissolution that goes to the new district is any part of that 10,000.00 escrow account that's left over is distributed, to the district which received the property in proportion to the taxes they received.

**Senator Taylor :** What was the advent of this in 99 the push or the reasoning to get this in place??

**Tom Decker :** I am not sure that we ever had the time to research that, this came in at the end of the session in 99.

**Doug Johnson :** Assistant Executive Director of the North Dakota Council Educational Leaders  
The only ? I have, is to ensure that school districts that are currently going through the process of dissolution have at least one additional year to make that transition, I did have a call from a superintendent that is in that process, and wants to make sure that is in place.

**Senator Taylor :** Is this up to DPI now? As a committee would we want something more concrete?

**Senator Freborg :** Tom with your handout, you say it your intent to allow Mantador to continue up to the three yrs. Is this the only school to be affected.?

**Tom Decker :** This is the only school in the program now. This would become effect Aug. 1, no more getting in before then. It would provide us a comfort level and Mantador to say in this language that a district in the program as some date of July 1, 2005 would be allowed to finish the three yrs.

**Senator Freborg :** Under the normal process, this normally takes a yr?

**Tom Decker:** In dissolution, as I said most districts make a decision to dissolve during the early part of the school yr. close that operation in May of that school yr. and finalize their dissolution on Aug. 15 of that same yr. entirely possible, we have done it a # of times. A small # of districts choose to go through the allowed one yr. in nonoperating status, again it's pretty clear that those who choose that are well above in evaluation and or have a big carry over.

**Senator Freborg :** What's the problem with a district who knows they are going to dissolve and most of them know that prior to that decision, what prevents them from going through this same

strategy they use in the three yr. period to spend down their surplus, lower their taxes? Nothing is there?

**Tom Decker** : Any district since this was passed in 99 could have taken advantage of this opportunity, the fact is that they wouldn't get basic, the base payment in foundation aid, and you have to pay the full cost of education, for everyone of your students, if you have a normal # of students and a normal evaluation, you can't afford it.

**Testimony in opposition of Bill:**

no opposition

There was no further discussion

**Senator Freborg** : closed the hearing on SB 2084

Senator G. Lee , Made a motion for a do pass on SB 2084, Seconded By, Senator Erbele .

There being no other discussion roll call vote was taken. vote: 6-0-0, vote was unanimous

**Senator G. Lee** : will carry the bill.

The meeting was adjourned.

**FISCAL NOTE**  
**Requested by Legislative Council**  
12/20/2004

Bill/Resolution No.: SB 2084

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.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Appropriations</b>	\$0	\$0	\$0	\$0	\$0	\$0

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

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

None.

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.*

None.

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.*

None.

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.*

None.

<b>Name:</b>	Tom Decker	<b>Agency:</b>	Public Instruction
<b>Phone Number:</b>	328-2267	<b>Date</b>	12/21/2004
		<b>Prepared:</b>	

Date: 1/10/05  
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2084

Senate SENATE EDUCATION Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass

Motion Made By Lee Seconded By Erbele

Senators	Yes	No	Senators	Yes	No
CH- SENATOR FREBORG	✓		SENATOR SEYMOUR	✓	
V-CH- SENATOR G. LEE	✓		SENATOR TAYLOR	✓	
SENATOR ERBELE	✓				
SENATOR FLAKOLL	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Lee

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



**REPORT OF STANDING COMMITTEE (410)**  
January 10, 2005 1:03 p.m.

**Module No: SR-05-0221**  
**Carrier: G. Lee**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**SB 2084: Education Committee (Sen. Freborg, Chairman) recommends DO PASS**  
**(6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2084 was placed on the**  
**Eleventh order on the calendar.**

2005 HOUSE EDUCATION

SB 2084

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **SB 2084**

House Education Committee

Conference Committee

Hearing Date **15 February 2005**

Tape Number	Side A	Side B	Meter #
1	X		2500 - 3075

Committee Clerk Signature *Jan Prudde*

Minutes:

**Chairman Kelsch opened the hearing of SB 2084.**

**Jerry Coleman, assistant director of School Finance and Organization, Department of Public Instruction, testified in favor of the bill.**

This bill addresses special nonoperating school district situations. Probably two sessions ago a bill was passed to allow school districts to go nonoperating for a year before they dissolve. They were allowed to extend that to three years and this bill deletes that extension period. The rationale for deleting it is that it just extends the inevitable and allows a tax break for school districts for an additional three years. Currently we had two districts that have taken advantage of it. One completed the three years. One down in southeast is in the first year of their three-year, nonoperating agreements.

**Rep. Sitte:** Sometimes it may take longer than a year or is that not necessarily so?

**Coleman:** Not in the case of dissolution which is usually the case. You go nonoperating.

Many districts don't even choose to elect to take the one year. It does allow them an opportunity to get their affairs in order and possibly spend down some of their cash reserves and that type of thing. This was put in two years ago and it hasn't had much impact. The only districts that can afford it are those that have a lot of property.

**Rep. Solberg:** So this takes it back to one year?

**Coleman:** It eliminates this piece and the one year is in another section of code.

**Rep. Meier:** For that two districts that took advantage of it, how long did it take them to get their affairs in order?

**Coleman:** They took the entire two years. I don't know how long it took them to get their affairs in order but they elected to maintain their district and they were required to tuition their students out at full cost but they were still able to receive state aid for those students. They were paying tuition for their students to go out but it just allowed them three years rather than the traditional one year.

**Rep. Hawken:** Having served on a reorganization board for more years than I would like to discuss. It's just a way to avoid changing the tax situation. They have plenty of time in the dissolution process to get their affairs in order.

**Rep. Mueller:** If we passed HB 1512 we wouldn't have to deal with this.

**Chairman Kelsch:** The chair will again note that Mr. Coleman is only one in the room to testify on this bill.

**Chairman Kelsch closed the hearing of SB 2084.**

Page 3  
House Education Committee  
Bill/Resolution Number **HB 2084**  
Hearing Date **15 Feb 05**

**Chairman Kelsch:** The rules changed again and we can take up Senate Bills so they are on the calendar when we come back from recess. Other committees are kicking theirs out. We will start on SB 2084.

**Rep. Hawken:** I move a **Do Pass**

**Rep. Sitte:** I second.

A roll call vote was taken.

**Yes: 13 No: 0 Absent: 1 The motion passed.**

**Rep. Wall will carry the bill.**

Date: 15 Feb  
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2084

House Education Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken No Pass

Motion Made By Hawken Seconded By Sitte

Representatives	Yes	No	Representatives	Yes	No
Chairman Kelsch	✓		Rep. Hanson	✓	
Vice Chairman Johnson	✓		Rep. Hunskor	○	
Rep. Haas	✓		Rep. Mueller	✓	
Rep. Hawken	✓		Rep. Solberg	✓	
Rep. Herbel	✓				
Rep. Horter	✓				
Rep. Meier	✓				
Rep. Norland	✓				
Rep. Sitte	✓				
Rep. Wall	✓				

Total (Yes) 13 No 0

Absent 1 (Hunskor)

Floor Assignment Wall

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

**REPORT OF STANDING COMMITTEE (410)**  
February 15, 2005 12:03 p.m.

**Module No: HR-30-2943**  
**Carrier: Wall**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**SB 2084: Education Committee (Rep. R. Kelsch, Chairman) recommends DO PASS**  
**(13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2084 was placed on the**  
**Fourteenth order on the calendar.**

2005 TESTIMONY

SB 2084



**TESTIMONY ON SB #2084**  
**SENATE EDUCATION COMMITTEE**  
**January 10, 2005**  
**by Tom Decker, Director**  
**School Finance & Organization**  
**701-328-2267**  
**Department of Public Instruction**

---

---

Mr. Chairman and members of the committee:

My name is Tom Decker and I am the Director of School Finance & Organization for the Department of Public Instruction. I am here to speak in favor of Senate Bill #2084.

Senate Bill #2084 repeals §15.1-27-33 of the North Dakota Century Code. That section of law, adopted in 1999, provides a mechanism for a school district which is going out of business to remain in non-operating status for up to three (3) years. All other sections of law allow non-operating districts to continue to exist for only one year after they cease to provide grade level services.

Since this measure was adopted two school districts, Butte School District and Mantador School District, have used this provision. Mantador is in their first year under terms of this statutory language and it is our intention to allow them to continue through up to three years under the provisions of this statute. Even if the legislature chooses to repeal it effective August 1, 2005.