

From: Coleman, Jerry A.
Sent: Thursday, April 29, 2010 12:42 PM
To: Walstad, John M.
Subject: RE: Schools over 185 mills

APPENDIX O

Attached is a schedule of school districts levying over 110 mills on the general fund. My count is 13 districts. Please note that Manvel did not have a general fund levy. This was reported in error on a previous printout given the committee. Their levies were actually General fund 0, HSTuition 110.22 and Transp 9.91.

A. Comments on the general fund levy limitations for failed votes.

- Under 57-64 districts receiving mill levy reduction grants must levy general fund 110 mills unless:
 - The district has approval of a majority of the electors of the school district for a higher levy.
 - Approvals before July 2009 terminate effective 2015.
 - Approvals after taxable year 2008 are effective for no more than 10 years.
 - A higher levy was authorized in an approved reorganization plan. This authority is effective for no more than 10 years unless voters approve an extension.
 - The amount allowed in taxable year 2008 reduced by the mill levy reduction grant in the budget year is higher.
- The ballot measure must specify the number of mills for the general fund rate for which approval is sought.
- If a ballot measure for approval of authority to levy a specific number of mills is not approved by a majority of the electors of a school district voting on the question, the school district general fund levy limitation for subsequent years is subject to the limitations under:
 - Section 57-15-01.1. Allows the highest amount levied in the base year (last three years within adjustments).
 - Section 57-15-14. Allows 12% over the previous year levy up to 185 mills.

WHAT WILL HAPPEN IF VOTERS DO NOT EXTEND LEVY AUTHORITY:

If the vote fails a district will have the following options:

- Levy the higher of 110 mills or the amount allowed in taxable year 2008 reduced by the mill levy reduction grant or
- Forfeit the mill levy reduction grant and :
 - Levy under 57-15-14 ... 12% over the previous year levy up to 185 mills
 - Levy under 57-15-01.1 ... Allows the highest amount levied in the base year (last three years with adjustments).

NOTE: Three years down the road the amounts levied will reflect the mill levy reduction grant impact rendering those options impractical.

My conclusion is that if the vote fails the district will go to 110 mills. This will directly reduce their budgets.

B. Could a district shift general fund levies to tuition and transportation to avoid the mill levy limitations? Tuition and transportation levies are restricted to students educated outside the district. Revenue generated from these levies could legally only be used for this purpose.

C. Fargo has a specified levy under 15.1-09. Voters discontinued Fargo's unlimited levy authority. The section states that the minimum levy authority may not be less than the levy that was in force at the time of the election. Question ... does 57-64 require Fargo to go to a vote by 2015 and if the vote fails are they subject to the limitations under 57-15-14 and 57-15-01.1?

D. Excess Levies in School Districts. 57-16 provides for voter approval of levies in excess of limitations otherwise provided in law. Is this section rendered useless for school districts?

School Districts Levying Over 110 Mills
2009-2010 School Year
NDCC 57-64

CoDist	District Name	2010					Authority to exceed 110 general fund mills
		Taxable Valuation	GenFund	HSTuition	HSTransp	Total Combined Education Mill Rate	
08-001	Bismarck 1	243,653,423	124.60	-	-	124.60	Unlimited
08-035	Sterling 35	2,396,133	111.48	53.84	12.52	177.84	Levy allowable in 2008 less MLRG
09-001	Fargo 1	249,466,881	191.31	-	-	191.31	2002 Specified levy ... 295.46 mills
18-001	Grand Forks 1	149,239,508	123.96	-	-	123.96	Unlimited
18-128	Midway 128	6,788,977	120.00	-	-	120.00	10% over statutory cap
19-049	Elgin-New Leipzig 49	4,497,726	130.00	-	-	130.00	1997 up to 205 mills; no specified building fund Reorg
20-007	Midkota 7	6,442,721	114.22	-	-	114.22	1993 up to 228.6 mills Reorg
20-018	Griggs County Central 18	6,926,621	120.57	-	-	120.57	1995 up to 190 mills Reorg
25-014	Anamoose 14	2,146,274	112.74	-	-	112.74	2005 up to 230 mills
34-019	Drayton 19	5,879,190	130.00	7.00	-	137.00	2007 20 mill excess
35-001	Wolford 1	1,766,143	135.00	-	-	135.00	2005 25 mill excess
40-029	Rolette 29	3,085,169	113.18	3.00	-	116.18	Levy Allowable in 2008 less MLRG
49-007	Hatton 7	4,875,793	128.19	-	-	128.19	2005 10% over the statutory cap

Source: phone conversations with district superintendents