

# TAX RELIEF IN SUPPORT OF HB1047

By Pat Feist, Enderlin Area School

**Tax Relief** – I, Pat Feist representing the Enderlin Area Schools, have concerns relating to the current tax relief bill which I certainly have already expressed to legislators in Districts 20, 22, 24, and 26 who represent some patrons in the Enderlin Area School District.

Through the reorganization process between Sheldon School District No. 2 and Enderlin Schools District No. 22 which went into effect July 1, 2007, the current Enderlin Area School District decided that the new district would only need to levy 205 mills instead of the 255 mills which was levied in the Sheldon School District No. 2 and the 233 mills levied at the Enderlin School District No. 22. The Enderlin Area School board decided to levy 166.07 mills for the general fund, 10 mills for the building fund, and the remaining mills for the sinking and interest fund in 2008. With this information at hand, the school board felt the mill levy was adequate to provide an excellent education for our students. The 166.07 general fund mills were levied to take care of the general operations of the school including instruction, administration, operation and maintenance, transportations, co-curricular activities, etc. The building fund of 10 mills was established by the patrons of the new school district to maintain the school complex. During the 2009 legislative session, the North Dakota legislators decided to provide real-estate tax relief to North Dakota real-estate owners by providing up to 75 mills of tax relief for the school districts who levied at least 175 general fund mills. Legislators chose not to include the levies such building fund or technology levy in the 175 minimum mill levy total even though the dollars in the building fund may only be used to maintain the school complexes or technology in our school and schools which do not have a building fund or technology fund use general fund levied dollars to maintain their school district buildings and technology. In addition, HB1047 passed in the 2011 legislative session with additional inequities to our tax payers by not allowing an increase in tax relief from the 2008 levy if school district levied less than 175 mills in 2008 but now must levy 100 to 110 mills. However, school districts who levied 175 mills in 2008 but currently levy less than 100 mills still receive the entire 75 mills.

How does this affect our school district? The patrons of Enderlin Area School did not receive approximately 9 mills in tax relief because of the definition of "local effort". As mentioned above, in my opinion the definition of local effort should have included the Building Fund Tax Levy and Technology Levy. School Districts which do not have Building Fund levies or Technology levies use General Funds to pay for technology and building maintenance and remodeling. The tax relief bill should allow schools who now levy 100 to 110 mills the 75 mills of tax relief. Enderlin Area School District No. 24 now levies 110 General Fund mills.

How much does this affect our School District? With the current and past tax relief formula over a four year period, the Enderlin Area School District patrons are paying approximately \$323,827 of taxes which the state should be paying.

I thank this committee for listening to my information concerning the current tax relief bill.

## ***IMPACT ON HB1047***

	<b>Valuation</b>	<b>Other Valuation</b>	<b>Tot Valuation</b>	<b>66.07 Mills</b>	<b>75 Mills</b>	<b>Difference</b>
2009-10	\$8,489,756	\$12,692	\$8,502,448	\$561,757	\$637,684	\$75,927
2010-11	\$8,875,191	\$12,692	\$8,887,883	\$587,222	\$666,591	\$79,369
2011-12 (Est)	\$9,238,802	\$12,692	\$9,251,494	\$611,246	\$693,862	\$82,616
2012-13 (Est)	\$9,608,354	\$12,692	\$9,621,046	\$635,663	\$721,578	\$85,916
						<b>\$323,827</b>