



SB 2144
Testimony of Amy De Kok
Senate Finance & Taxation Committee
January 10, 2023

Chairman Kannianen and members of the committee, my name is Amy De Kok. I am General Counsel for the North Dakota School Boards Association. NDSBA represents all North Dakota public school districts and their boards. NDSBA stands in opposition to SB 2144 in its current form.

NDSBA and its members support the spirit and policy behind SB 2144 – to provide transparency to voters and district taxpayers when it comes to the costs associated with the issuance of bonds and maintenance of school facilities over time. NDSBA, however, has some concerns with SB 2144.

In Section 2 of the bill, a school board must determine and state in the initial resolution, the total funds allocated for future repair and maintenance of school buildings the purpose for which the bonds are issued. NDSBA is concerned about the ability of a school board to estimate the costs of future repairs and maintenance. These items will likely be incredibly difficult to predict with any real accuracy. This is especially true with future repairs, which are largely unforeseeable. Requiring districts to include future repairs and maintenance in the amount of bonds to be issued will likely have the impact of just unnecessarily increasing the estimated costs of building projects on the front end.

In addition, the committee should be aware that any district planning to undertake a building project that costs more than \$150,000 must already obtain the approval from the Department of Public Instruction under current law (NDCC 15.1-36-01). If the project costs more than \$350,000, the district must submit a detailed facility plan to DPI in conjunction with this approval process, and demonstrate the district's ability to pay for the project. In this regard, the facility plan must address and demonstrate:

- The availability and manner of financing the construction has been thoroughly evaluated;
- Trend data on general fund revenues, expenditures, and fund balances;
- Trend data on tax levies;
- Trend data on taxable valuation per student;
- Current bonded indebtedness, debt retirement schedules, and total capital expenditures of the district;
- Current sources of district revenue;
- The operating budget of the district can satisfactorily meet the projected operating cost of the proposed building or facility; and
- Any other information deemed advisable by the superintendent.

These requirements, among others, are outlined in NDAC chapter 67-09-01.

It is my understanding that the bill sponsors are concerned with districts seeking voter approval for the issuance of bonds to undertake a substantial building project without adequately planning for the operating costs of the facility over time. This is a valid concern, but I believe most boards are acting responsibly and do properly plan for future operating costs before pursuing a large building project. A possible alternative is to require that boards have an adequately funded building fund in place before they may pursue voter approval to issue bonds for this purpose.

For these reasons, NDSBA urges a Do Not Pass recommendation on SB 2144 in its current form, and I would be happy to stand for any questions. Thank you for your time.

