



North Dakota Small Organized Schools

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1 Testimony in Support of Senate Bill 2158

2 Chairman Longmuir and Members of the Committee:

3 I am writing in strong support of Senate Bill 2158, which provides a clear and equitable framework for
4 the distribution of unobligated cash balances following the dissolution of a school district. This bill
5 ensures that taxpayers and local political subdivisions receive fair and transparent benefits from any
6 remaining funds, reducing financial uncertainty and reinforcing fiscal responsibility.

7 Senate Bill 2158 addresses key issues in the dissolution process by:

8 1. Providing Property Tax Relief:

- 9 ○ The bill prioritizes returning unobligated funds to real property owners within the
10 dissolved school district's boundaries. By allocating funds as tax credits, it eases the
11 financial burden on affected property owners and maintains fairness in the transition to
12 new school districts.
- 13 ○ If a property is attached to multiple districts, the bill fairly apportions the credit based
14 on the taxable valuation of each property, ensuring an equitable distribution of funds.

15 2. Allowing Flexibility for Local Political Subdivisions:

- 16 ○ The bill gives the county committee the authority to distribute up to \$500,000 of
17 remaining unobligated funds to another political subdivision within the boundaries of
18 the dissolved school district. This provision recognizes the needs of local governments
19 and ensures that funds remain in the community for beneficial public services.

20 3. Providing a Refund Option for Taxpayers:

- 21 ○ Upon approval by the board of county commissioners, the bill allows for cash refunds in
22 lieu of tax credits. This flexibility accommodates varying fiscal circumstances and
23 ensures that taxpayers directly benefit from surplus funds when appropriate.
- 24 ○ The bill also ensures that refunds are applied first to any outstanding tax liens, thereby
25 promoting responsible fiscal management while still returning funds to property
26 owners.

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The mission of NDSOS is to provide leadership for the small/rural schools in North Dakota and to support legislation favorable to their philosophy while opposing legislation that is harmful.

27 4. **Ensuring Fair Distribution to Receiving School Districts:**

- 28 ○ After all tax credits and refund obligations have been met, any remaining funds are
29 distributed to the school districts that have absorbed the dissolved district’s students
30 and property. This method supports the sustainability of the receiving school districts
31 and helps them accommodate their expanded responsibilities.

32 In conclusion, Senate Bill 2158 establishes a fair, transparent, and fiscally responsible process for
33 handling unobligated cash balances when a school district dissolves. It ensures that taxpayers receive
34 the benefits they are entitled to while also supporting local political subdivisions and school districts. I
35 urge you to support this bill and help ensure its passage for the betterment of our rural communities.

36
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