



North Dakota Senate

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360



Senator Donald Schaible

District 31
9115 Highway 21
Mott, ND 58646-9200
dgschaible@ndlegis.gov

COMMITTEES:
Appropriations

Good afternoon, Chairman Webber and Finance and Tax Committee. For the record, I am Senator Don Schaible here to introduce SB 2279 that is an attempt to provide some property relief for all taxing entities. This bill is not meant to be the complete package, but an addition to some of the other property tax relief ideas that we are currently considering. I know a lot of work has been done to provide the residents of North Dakota with meaningful property tax relief and reform but so far what I have seen is only consideration for one of our categories of property tax. I believe by not providing some relief to all of the categories of property tax, we are doing a disservice to the people of North Dakota. When we tell them not to vote for measure 4 and to trust the legislature to come up with a reasonable plan and then exclude agriculture and commercial does not provide a lot of trust. I wonder how the vote would have turned out if we had informed agriculture that no relief would be considered to the biggest industry in North Dakota.

This conversation will probably take a good part of this session, and this bill is not intended to be the total answer. My hope for this bill is that some relief can be provided to all of North Dakota. This bill would provide a reduction of 15 mills from the 60 mills that is required as a local contribution to school districts within the K-12 funding formula. In most cases schools account for about $\frac{1}{2}$ of our property tax bill excluding bond issues that were passed by a vote of the people. Using that assumption, this bill would reduce everyone's tax bill by $\frac{1}{8}$ th.

I will now walk through the bill and try to explain why all these pages are needed. The overstrike language on page 1, line 14 through page 6, line 31 was language that established the baseline funding requirement prior to June 30, 2025 which will now become obsolete and no longer needed. Page 10, line 18 changes the 60 mills to 45 mills for local contribution.

The date change on page 11, lines 14 and 15 is always updated on educational bills to account for the percentage of sinking and interest amount.

The change in Sec 2, is the minimum local effort which would now be 45 mills instead of 60 mills.

Section 3 additions would remove a school district's ability to elect the alternative levy authority under North Dakota Century Code. Generally speaking, this alternative levy authority allows a taxing district to look back to the highest amount levied in any of the three preceding taxable years rather than levying the amount certified in the budget of the governing body. Now that we are changing the mills to 45 we don't want them to look back and receive money for the 60 mills. The over strike language in Sub Sec 6 is language for the 3 year look back that is no longer needed.

School boards currently have levy authority for 10 mills of miscellaneous needs and Section 5 is corrected so that would stay in place.

Section 6 would be corrected to reflect the property tax savings information that is provided with the tax statement.

Section 7 repeals three sections of century code-

- **15.1-27-04.3. Adjustments to state aid – Local property tax effort.**
 - *This section is being repealed because there no longer is a need to phase in a local property tax effort for districts not levying at least 60 mills.*
- **15.1-27-15.1. Isolated school districts – Transition payments.**
 - *This section is being repealed for clean-up purposes because the language in this section is expired.*
- **15.1-27-20.2. Taxable valuation - Impact on state aid.**
 - *This section is being repealed for clean-up purposes because the language in this section is expired.*

The fiscal note shows that the state would be picking up an additional \$181 million of the school funding which would be property tax relief. I know that most of the discussion has been given to primary residence relief, and I believe that is the most critical part. The homestead tax credit is also being considered to be expanded. Again, I feel that that is also a reasonable approach. If we include the mill levy reduction that is suggested in this bill, I feel we could lower the amount that is suggested on the primary resident relief for they would be getting an additional amount of relief with lower local contribution mills from 60 to 45. Even with doing that, this bill still would increase the amount we are looking at contributing to property tax relief, but I feel it is still a number we could afford, provide relief for everyone and still have a pathway for future revenue to make this sustainable. I am not sure of any other senate bill that is looking at property tax and including relief for agricultural. I would hope the senate will have at least one bill moving forward to make sure senate interest are continued and we have a vehicle to use.

Chairman Weber and committee that ends my testimony and I would try to answer your questions.