LaMoure Public School

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July 19th, 2010

Jim Dotzenrod
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Jim:

This is a letter to request a drafting of legislation in the upcoming 2011 legislative session in North Dakota. The following outlines the rationale behind the request.

In the 2009 legislative session, SB2199 gave property tax relief that was channeled through the public school system. This was a welcomed piece of legislation that was received well by the vast majority of patrons. With all new legislation, there are sometimes unforeseen circumstances. With those circumstances, we hope that will be corrected this legislative session.

Using the LaMoure School as an example, the enactment of a 75 mill levy reduction appropriations applied to only specific schools that had 175 mills or higher that they were levying in that specific year. The year that it was calculated on, the LaMoure School levied 158 mills, so the LaMoure School received a 58 mill levy reduction from the state. The inequities that lie are given by the following example. The data shows the LaMoure School, along with the Hankinson School district, which are two schools that closely resemble size and taxable valuation for comparison purposes.

School	Taxable Valuation	School Size	Mill Levy Reduction Money 2009-2010
LaMoure	$7,324,037	315.ADM (09)	$ 410,030.38
Hankinson	$7,079,403	316 ADM (09)	$ 526,486.91

Although we receive virtually the same amount of funds with per pupil payments, the difference of **$ 116,456.53** in mill levy reduction money is significant between schools of similar characteristics, and size. The rationale below I feel needs to be corrected in the next legislative session because of the following reasons:

1. The state payment received in mill levy reduction money by schools creates an inequity amongst schools of similar size and taxable valuation in receiving state funds.
2. Basing state payment of mills levied in 2008 for all subsequent years is not an accurate snapshot for what expenses may occur in the future. When our school levied mills that year the rate was set, various factors dictated that we did not need to go higher than 158 mills to operate for that given year. That is not the case now because we are now in need

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of replacing kitchen equipment, buses, and now may not have the means to do so. Also a class may need to be split which will cause and additional teacher, which may not have the necessary funding. With higher teacher pay and declining enrollment I foresee in the future financial difficulties.

3. At the current time we have levied 109 mills and will more than likely need to be near or at the cap in the upcoming years with virtually no way to raise more money with the cap at 110 for school districts. With a significant payment less from the state in comparison to other school districts and no margin for raising taxes, this will create a hardship on the school district.
4. With the current stimulus money we have received over the two year period, it has not been a financial hardship for the past two years. With that dissolving at the end of the 2011 school year, there are no other alternate funds to receive for the school system.
5. Although SB2199 was a means for property tax relief to the people of North Dakota, which was channeled through the schools, it did not take into account if there was a significant mill levy by the city or county and their rate of mills charged for mill levy reductions.

Possible legislative remedies

1. Have all school receive from the state the full 75 mill levy reduction money from the state.
2. Using a couple scenarios as examples. If a school currently receives 58 mill levy reduction money from the state and still levies the minimum of 100 mills, that school shall receive 65 mill levy reduction money. Calculated as follows: 75-58= 17 mills. Levying only 100 mills (10 under max): 17 – 10 = 7 mills of extra reduction money. Another example of currently levying 109 mills. 75-58 = 17 mills. 1 mill under the maximum so that school should get an extra 16 mills of reduction money.

LaMoure is not the only school in this situation, as other schools are in this situation also. I hope to meet with you in the near future to discuss this fully and possible remedies for the upcoming legislative session.

Respectfully submitted,

Mitch Carlson / Superintendent

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