

MICROFILM DIVIDER

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SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2414

2007 SENATE FINANCE AND TAXATION

SB 2414

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2414**

Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: January 29, 2007

Recorder Job Number: # 2172

Committee Clerk Signature



Minutes:

Sen. Urlacher called the committee to order and opened the hearing on SB 2414.

Sen. O'Connell appeared as prime sponsor with written testimony. (See attached)

Sen. Urlacher: they don't fall under a Special Ed program?

Sen. O'Connell: no, it's a IEP they could do some of that, but even at that they needed this special attention, special help at home done to be able to keep up their grade levels.

Sen. Triplett: What's your intention?

Sen. O'Connell: I was originally asked to have the bill for Special Needs and this opens it up. My intention was for children with special needs that had to be helped in a special way.

Sen. Cook: who determines whether it's for special needs vs. personal choice?

Sen. O'Connell: good question, its going to be who's gifted, yours or mine and DPI will have to put some rules in place for this or the school themselves can because they are certified through DPI.

Dr. Barlett: ND Home School Assoc appeared in support with written testimony. (See attached) also stating that the tax cut as it is currently written serves the higher income people and could be improved to also serving the lower income people by including the property taxes which is a source of education funding in ND in the amount from which the home school tax

reduction can be taken. We would support amending the bill which would include private school families.

Sen. Anderson: regarding your proposed amendment, would you suggesting that only the deduction from the school tax portion of that or to all the subdivisions?

Dr. Barlett: It's only from the education portion.

Sen. Oehlke: can you give me a percentage state wide as to how many are taught mostly at home but some percentage partake in the extra curricular at schools?

Dr. Barlett: a very small percentage

Sen. Triplett: what proportion of home schooled children that your association represents that qualify as special needs students?

Dr. Barlett: we're aware of 1200 families; we don't have a count of the special needs children.

Sen. Cook: is there any tax relief offered by the Federal Govt to those who home school? Not at the present time. 1331 families who are home schooled but you don't have an exact number, that puzzles me that we don't know that number because of our compulsory education laws.

Christopher Dodson: ND Catholic Conference stating our support is basically to support the parent's right to choice the educational setting for their children.

Dave Bender: a home school parent and I believe that a tax credit like this deserves some accountability on part of home school parents to justify the qualifications of their services.

Sen. Urlacher: do you think the benefit should be directed to the property tax in relationship to the education funding?

Dave: I really don't have an opinion on that, I'm happy to pay my taxes.

Sen. Tollefson: Home schooling is a matter of choice, why do you home school?

Dave: I've been on both sides and I feel home schooling is the best. There is no doubt that parent involvement is the number 1 success measurement for student achievement.

Jeff Hoverson: Minot a former public educator appeared in support stating with a tax credit, its money that's already ours and we're just asking to let us keep.

Conrad Suechting: a home school dad appeared in support and stated he would support the amendment.

Tom Freier: ND Family Alliance: appeared to just state their support.

Loyal Karges: from Stanton appeared to support stating the money should go to the one that takes responsibility for the education and feels the choice rest heavily with parents. What it really boils down to is the best interest of the child, the family system was designed to work.

Anita Becker: DPI appeared to answer questions of the committee regarding a special law in the Century Code and data collected by the district

Sen. Horne: the original intention was to help with tax credits to those who are home schooling children who have special needs who can't be satisfied in the public school, if that were to become law, I'm assuming that DPI would have to get involved to determine who in fact were these children, how would you do that?

Anita: Children of special needs often require special instructional techniques and material, if the local districts have been involved in the evaluation of the child's learning they are the ones that would be part of the individual education plan and therefore they would know what was required for that child and to monitor it from there.

Sen. Urlacher: it would follow the intent and your saying that the special needs is available to them through the public system, then there isn't anything there as a need. Are we saying that special education relates to home schooling?

Anita: the way the law was revised last session, it allowed the parents whose child had been identified for needing special education services to home educate. Prior to that it had only been allowed for an autistic child. Generally the school district is involved in the evaluation of a child who may have special needs and from that they devise an educational plan.

Sen. Tollefson: special needs is a broad term and the definition of it really according to the original bill and sponsorship of this bill that definition should have to come about before we really know what for sure what we're talking about, would you agree? Yes

Dr. Barlett: of the ND Home School Assoc. appeared to clarify some things for the committee.

Sen. Cook: if all of these students that are home schooled were actually in the public schools and these parents were involved PVA's, would they not have a positive public school system?

Dr. Barlett: of course they'd have a positive affect but it would actually be a negative affect on the home schooled students.

Adjourned the hearing.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2414**

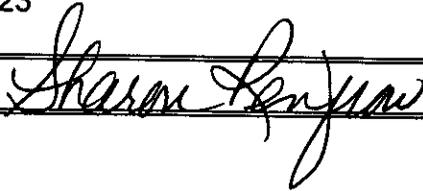
Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: January 30, 2007

Recorder Job Number: # 2323

Committee Clerk Signature



Minutes:

Sen. Urlacher called the committee to back to order for action on SB 2414.

Sen. Triplett: it was very clear from the testimony that this did not express the intention of the sponsor and the sponsor did not offer any amendments.

Sen. Urlacher: it seemed to be his intention of special needs which already is taken care of.

Sen. Triplett: made a Motion for **DO NO PASS**, seconded by Sen. Oehlke.

Sen. Horne: two points, 1) the original goal is to help parents that have special needs kids at home but according to DPI those should have been taken care of by the schools and she didn't know of any that were home that had those needs; 2) if we're going to give the parents a break for educating their children at home, then we'd have to turn to the private schools who are being double taxed also.

Sen. Urlacher: this doesn't address private schools.

Roll call vote: 7-0-0

Sen. Triplett to carry the bill.

Sen. Triplett: if have extra money to spend I want to spend it on public education. And when we have fully met the inadequacy needs of our public schools I'd be willing to reconsider.

Sen. Cook: comment: if I'm not mistaken, every college in the State of ND started as a church run college.

FISCAL NOTE
 Requested by Legislative Council
 01/23/2007

Bill/Resolution No.: SB 2414

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			(\$1,090,000)			
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB 2414 provides an income tax credit for taxpayers who home school their children.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Statistics indicate that there are approx. 1160 North Dakota children who are educated at home, representing perhaps 580 families. The amount of the tax credit will be limited by the tax liability of the families, assumed to be similar to the statewide average of \$940 per return. Therefore, SB 2414 is expected to reduce state general fund revenues by an estimated \$1.09 million in the 2007-09 biennium.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name:	Kathryn L. Strombeck	Agency:	Office of Tax Commissioner
Phone Number:	328-3402	Date Prepared:	01/26/2007

REPORT OF STANDING COMMITTEE (410)
January 30, 2007 4:36 p.m.

Module No: SR-20-1582
Carrier: Triplett
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2414: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO NOT PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2414 was placed on the Eleventh order on the calendar.

2007 TESTIMONY

SB 2414

Senate Bill 2414 Summary

Senator David P. O'Connell

A bill that gives parents who home school their children a tax credit up to \$1,000.

If child his home schooled for half of a year, the credit is for \$500

Credit is to help parents with expenses of home schooling.

Many parents forced to home school children because of special needs that many public schools are unable to accommodate. This credit would help those parents pay for the costs incurred with the education of their children.

A child in a public grade school costs our state \$7,414.31 every year. Educational expenses are high, and home schoolers pay their taxes so that other's can receive a quality education. For those parents who are forced to home school their children because of a special need, they too deserve some financial relief to educate their child.

FROM THE OFFICE OF THE
NORTH DAKOTA HOME SCHOOL ASSOCIATION

January 29, 2006

**TESTIMONY OF JAMES BARTLETT BEFORE THE
NORTH DAKOTA SENATE FINANCE AND TAX COMMITTEE**

Mr. Chairman, Members of the Committee, Ladies and Gentlemen:

My name is Dr. Jim Bartlett and I am the Executive Director of the North Dakota Home School Association, which a non-profit association that has been serving North Dakota home educators since 1985. Our office is located in Bottineau, North Dakota and our mailing list currently contains 662 North Dakota Families. Thank you for the opportunity to present this testimony in support of SB 2414.

We Support Senate Bill 2414

As you know, most parents pay for their children's education through their property taxes. Fifty-five percent of my own property taxes support the public education system.

Currently, home educating parents are paying twice for the education of their children – once for the public education they don't use and once for the home education equipment, supplies, and activities that they do use.

We support Senate Bill 2414 because it begins to rectify this double taxation problem. By now allowing home school families to forfeit the money caught in double taxation, the state is reducing the quality of home education, reducing the number of home educating families, and by extension reducing the number of large home educating families choosing to live in North Dakota with their present and future economic potential and good moral influence.

Even while home educators labor under the present double taxation financial constraint, home educated students outperform their public school counterparts by 15 to 30 percentile

points across all subjects on standardized achievement tests (Research Facts on Home Schooling, National Home Education Research Institute, July 10, 2006). Our office receives calls every week from mothers and fathers who are concerned about their children's learning environment and are ready to begin home educating. This represents a huge tax savings for the people of North Dakota and should be further encouraged by supporting Senate Bill 2414.

Home Education Saves Tax Payers Lots of Money

To begin to grasp the tax savings which home education represents to North Dakota tax payers, consider that the ND Department of Public Instruction reported 1,331 homeschool students in their 2004-2005 Pupil Membership Report. There are many more students in North Dakota than this number represents, because this number only represents the students who used services of the public schools. (There is no exact count of home educated students in North Dakota at the present time.) Even using this small number of home educated students with the average state aid per public school pupil of \$7,041.52 for that same period, we see that North Dakota homeschoolers saved ND taxpayers roughly \$5 million dollars in the 2004-2005 fiscal year alone!

With home education growing nationally at the rate of 7% to 12 % per year (Research Facts on Homeschooling, National Home Education Research Institute, July 10, 2006), North Dakota taxpayers can expect additional tax savings with each coming year.

Please Fully Investigate Home Education

Please investigate home education, you will find that it is in the best interest of both the taxpayer and the State to promote home education because the majority (80% nationally) have Christian convictions which teach them to not be a burden on society, to obey the laws of the land, and to love their children. If you compare the North Dakota Public School Health Risk Survey results with the fruit of home education in the state of North

Dakota, I am convinced you will see why home education should be encouraged. Home education is motivated by parents' love for their children and their faith; and not by social engineering or financial gain. This again points to the good sense of supporting Senate Bill 2414 and suggests going even further to financially encourage home education in North Dakota.

A Second Step is Needed

While the North Dakota Home School Association is in full support of this bill, I ask you to consider following this first step with a second step. As legislators entrusted by the public to make the wisest decisions with regard to the collection and distribution of tax money, please notice that this income tax credit serves higher income people and could be improved to also serve lower income people by including property taxes, the source of education funding in North Dakota, in the amount from which the tax deduction can be taken. Most home educators have single and lower incomes by choice. Mom needs to be home educating the children and Dads are looking for jobs that allow them to spend more time with their families.

Specific Examples

If I consider how much this tax credit will benefit individual cases, this is what I find. A home schooling engineering professor at NDSU with a \$70,000 salary package pays only about \$500 for state taxes in one year. Therefore, even though he has four children and could potentially have a \$4,000 tax credit, he does not see much of the credit. Another home educating family has an income of \$15,000 per year and pays no North Dakota income tax, and has seven children. They would not benefit by this tax credit. Both of these families pay 55% of their property tax for education. By adding the education portion of their property tax to the amount from which they can deduct, genuine tax relief is provided to the majority of North Dakota home educators that will encourage home

education with its corresponding higher academic and moral success and service to the state's interest.

Home Educators Incomes Compared (Optional in Oral)

The last income survey conducted of North Dakota home educating families occurred in 1993. At that time, the median annual income for the 104 families surveyed was \$25,450. Home educating families are larger than average and most choose to live on one income. For comparison purposes, the US Census Bureau in 1993 reported that the median Income for a four person family in North Dakota was \$41,084. This demonstrates the home educating family income may be typically below the median and therefore tax relief needs to address the lower than average incomes to be complete.

Summary

In summary, the North Dakota Home School Association urges you to support Senate Bill 2414. Support this bill because it supports home education with its academic, moral and financial benefits to the individual families with large savings to taxpayers, service to the state's interests, moral stability and economic growth of North Dakota. But don't stop with this draft of a tax credit. To fully serve home educators, this tax credit needs to be amended to be based on both income and property tax before it is complete and genuinely serving the majority of home educators. We would also support the amending of this bill to include private school families.

Thank you for your time and attention. Are there any questions?

1854 107TH STREET NORTHEAST
BOTTINEAU, NORTH DAKOTA 58318
(701) 263-3727

Encouraging multigenerational faithfulness to the Lord Jesus Christ. Psalm 78:6-7
Assisting home schoolers since 1985.
office@ndhsa.org , ndhsa.org