

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

TAXATION COMMITTEE

Wednesday, July 18, 2007
Prairie Room, State Capitol
Bismarck, North Dakota

Senator Bob Stenehjem, Chairman, called the meeting to order at 9:00 a.m.

Members present: Senators Bob Stenehjem, Dwight Cook, Ben Tollefson, Constance Triplett, Herbert Urlacher; Representatives Larry Bellew, Wesley R. Belter, David Drovdal, Glen Froseth, Craig Headland, Gil Herbel, Jim Kasper, Scot Kelsh, Mark S. Owens, Arlo Schmidt, Benjamin A. Vig, Dave Weiler

Members absent: Representative Dwight Wrangham

Others present: See [Appendix A](#)

Chairman Stenehjem welcomed committee members and said he intends to proceed within the study assignments made by the Legislative Council and that the committee would meet as often as necessary to complete its assignments.

PROPERTY TAX REFORM AND RELIEF STUDY

Chairman Stenehjem called on committee counsel for presentation of a memorandum entitled [Property Tax Reform and Relief Study - Background Memorandum](#). Committee counsel said the property tax reform and relief study was added to 2007 Senate Bill No. 2032 to require interim study of property tax reform and relief issues that arose during 2007 legislative deliberations. He said the study directive specifically requires consideration of property tax reform and property tax relief and consideration of a goal of reducing property tax bills to not more than 1.5 percent of true and full value of property, determining a proper measure of education funding from local taxation and state resources, variability of funding resources among taxing districts, and how to identify resident and nonresident property owners.

At the request of the chairman, committee counsel reviewed the provisions of Senate Bill No. 2032 relating to property tax, income tax, and funding as described in the memorandum. He also reviewed the factors involved in determining property tax liability for property. He said property tax liability is determined by multiplying combined mill rates for all taxing districts times the taxable value of the property. He said the mill rate is established through the budget process. He said the amount budgeted is subject to levy limitations established by law. Copies of the 2007 schedule of levy limitations prepared by the Tax Department were distributed to committee members.

At the request of the chairman, committee counsel reviewed the statutes governing assessment of property for property tax purposes. He said some enterprises are not subject to property taxes but are subject to payments in lieu of taxes. He said when property tax changes are considered, it may be necessary to consider effects on enterprises making payments in lieu of taxes. He said political subdivisions levied over \$715 million in property taxes and special taxes in 2006. He said school districts, counties, and cities levied more than 92 percent of those taxes. He said school districts levied 55.57 percent of the statewide property taxes, counties levied 23.71 percent of those taxes, and cities levied 13.08 percent of those taxes. He said the memorandum shows the percentage increase in property taxes for each type of political subdivision from 1993 through 2006. He said during that time, school district tax levies have increased 94.3 percent, county tax levies have increased 78.2 percent, and city tax levies have increased 78.6 percent. He said township levies have increased only 33.4 percent during that time period.

Committee counsel said home rule sales taxes have become a significant revenue source for cities and some counties, and special assessments are a growing source of revenue to cities. He said from 1998 to 2006, special assessments statewide have increased by 76.8 percent. He said review of available data shows substantial differences in levels of reliance on special assessment revenue among cities.

Committee counsel said the study resolution could incorporate consideration of any tax type because it calls for consideration of providing property tax relief and the proper measure of education funding from state resources. He said the committee is required by the language in the study directive to consider specific issues, including property tax reform and relief, reducing property tax bills to not more than 1.5 percent of the true and full value of property, the proper measure of education funding from local taxation and state resources, variability of funding resources among taxing districts, and acquiring information to identify resident and nonresident property owners.

Representative Bellew asked whether the law imposes limits on the kinds of expenditures for which special assessments may be imposed. Committee counsel said there are limits in state law regarding the

kinds of projects that may be funded through special assessments and limits on imposing assessments only to the extent benefits are conferred on property. He said there are many municipal projects in which the governing body has discretion whether to use general tax revenues or proceed through special assessments for funding.

Representative Weiler asked whether special assessments may result in a net revenue gain to cities. Committee counsel said special assessments would not be a source of general revenues to cities but cities could use special assessments to fund infrastructure projects to avoid using general property tax revenues for that funding, which would make property tax revenues available for other uses.

Senator Cook asked whether there is a limit on bonded indebtedness for special assessments. He said he thinks excessive bonded indebtedness in western cities during oil boom and bust cycles caused serious problems. Senator Stenehjem said whether or not there is a legal limit on bonded indebtedness, there is a practical limit on bonded indebtedness because bonding companies will not be willing to allow excess levels of debt. He said this is a topic on which the committee should get more detailed information.

Representative Drovdal said political subdivisions are allowed to grant property tax exemptions for certain kinds of property. He asked whether cities also have authority to exempt property from special assessments. Committee counsel said special assessments are not subject to exemptions similar to those for property taxes. State and political subdivision property is subject to special assessments.

Representative Kasper said many people in Fargo believe some projects that should be funded by property taxes are being funded by special assessments. He said it is an issue that must be determined by local government.

Senator Stenehjem said information should be prepared for the next committee meeting regarding special assessments to address issues of what projects may be funded by special assessments, what property is subject to special assessments, what factors may be involved in determining whether to fund projects through general property taxes or special assessments, and what limits exist on bonded indebtedness for special assessment projects.

Committee counsel said with regard to the issue of reducing property tax bills to not more than 1.5 percent of true and full value of property, the starting point would be to determine the types and the location of property currently taxed above that level. He said the Tax Department staff could be requested to provide information on that issue. Senator Cook said the committee should obtain information reviewing 20 years of history of North Dakota education funding from local, state, and federal sources and the number of students and per student costs of education.

Senator Triplett said it would be useful to review information on the state and local cost-shares for education funding in other states. Representative Herbel said particular attention should be given to education funding in Michigan.

Committee counsel said the question of variable funding resources of political subdivisions relates to issues such as property tax rich or property tax poor taxing districts, revenues available from other sources such as energy industry activity, the extent of federal or state ownership or other property tax exemptions, and other factors. He said the Tax Department staff could be asked to provide information to the committee to show the extent to which these differences exist.

Chairman Stenehjem invited comments regarding special assessment issues discussed by the committee. Ms. Connie Sprynczynatyk, North Dakota League of Cities, said special assessment funding is used for water, sewer, flood control, sidewalks, lights, curb, gutter, streets, roads, and other projects. She said it is a local government tool for financing infrastructure. She said for some projects, cities have the discretion of funding through property taxes or special assessments. She said the North Dakota League of Cities would provide information as requested by the committee to gain an understanding of special assessment funding issues.

Representative Froseth said one of the property tax issues that concerns him is to determine how assessments of property are calculated in different parts of the state. He said assessments seem variable to him, and the sale of one property in a small town may alter valuations of many properties. He said the committee should obtain information on how assessments are made and how assessment levels are reviewed statewide.

Ms. Sprynczynatyk said the North Dakota League of Cities has prepared information on taxable valuation and tax levies. She distributed a copy of 2006 data on this subject. A copy of the information is attached as [Appendix B](#).

Representative Kasper said the information distributed is based on 2006 taxable valuations. He asked whether the League of Cities could provide information showing taxable valuation of cities for the period from 2000 to 2006. Ms. Sprynczynatyk said the information can be provided. Representative Kasper asked whether the information could also show the number of mills and the number of dollars levied for each city for those years. Ms. Sprynczynatyk said that information can also be provided.

Representative Belter said for new residential property in other states and perhaps some areas in North Dakota, special assessments are rolled into the price of the property when the property is sold. He asked whether this practice exists in North Dakota cities. Ms. Sprynczynatyk said impact fees are one term for what Representative Belter might be describing. She said the League of Cities can

investigate use of this approach in North Dakota and provide information to the committee.

Senator Tollefson said he understands that taxpayers have the right to refer any local taxes. He asked whether the right of referral applies to special assessments. Committee counsel said he does not believe a referral is available for special assessment projects, but property owners within a special assessment district are provided an opportunity to file a protest by petition before a special assessment project may go forward. Senator Tollefson said it would be useful for the committee to have detailed information on the right of referral of property taxes and the right of protest for special assessments.

Senator Cook said he would also like information on the issue raised by Representative Belter regarding whether a city may charge an administrative fee to property owners who fund their own infrastructure improvements.

Representative Drovdal said with regard to the objective of reducing property taxes to 1.5 percent of taxable valuation, different issues may be involved for different property types. He said for agricultural land there are many issues relating to proper valuation, but valuation is determined under a productivity formula that does not involve consideration of market value.

Committee counsel said with regard to the study of determining residency of property owners, the administrative burden is likely to fall on counties. He said it might be appropriate to let the North Dakota Association of Counties take the lead in suggesting how to administer collection of necessary information from property owners.

Representative Kasper said the committee study is directed at issues of property tax relief and property tax reform. He said the committee should bear in mind that property tax reform is an important issue to taxpayers, and another goal of the committee should be limiting future property tax increases.

Representative Herbel said the agricultural property valuation formula exists largely because market valuations are volatile for agricultural land. He said prices paid for land may be greatly above prevailing prices in an area if land is acquired for hunting or recreational purposes. He said if agricultural property were taxed on the basis of sales prices, the result could be to drive farmers off the land.

Representative Drovdal said sale of agricultural property for use for hunting or other purposes should be examined with regard to the effect it has on agricultural property valuation for property tax purposes. He said it might be appropriate to create a different classification of property for agricultural property acquired primarily for uses other than agricultural. He said since 1993 it appears statewide property assessments have increased about 81 percent. He said information should be obtained on whether payments in lieu of taxes on property not subject to property taxes have kept pace with property tax increases.

Senator Stenehjem said information should be presented to the committee at its next meeting showing historic data on assessment and property tax increases among various classifications of property.

Chairman Stenehjem called on Ms. Kathy Strombeck, Tax Department research analyst, for review of the Tax Department publication *North Dakota State and Local Taxes 2006*, commonly referred to as the "Red Book." Ms. Strombeck reviewed the kinds of information provided in the publication on each tax type. She said much of the information in the publication is presented in a format used to respond to frequent inquiries from legislators.

Chairman Stenehjem called on Ms. Marcy Dickerson, State Supervisor of Assessments, Tax Department, for review of information contained in the Tax Department publication *2006 Property Tax Statistical Report*. Ms. Dickerson said the report contains detailed and general information on property taxes and mobile home taxes levied in the state. She reviewed the information provided for the 2006 tax year and the general information on historical property tax statistics.

Ms. Dickerson distributed copies of another Tax Department publication *July 2007 Schedule of Levy Limitations*. She said this publication has been updated to reflect any changes made by the 2007 Legislative Assembly. She said the schedule shows the statutory maximum levy for each purpose and the statutory citation and the special conditions that apply to each levy. She said the information is presented to show the levies available to each type of political subdivision.

Senator Cook said the schedule shows two available levies for county human services programs. Ms. Dickerson said two levies are available for human services programs for counties. She said one human services levy must be within the county general fund levy limitations, and the other human services levy is outside general fund levy limitations.

Senator Urlacher asked whether there is a way to identify how much of political subdivisions' property tax levies are from state or federal mandates. Ms. Dickerson said that would be a very complicated analysis and could not be made on the basis of property tax information reported to the Tax Department.

Ms. Dickerson said she was also requested to provide information to identify the counties required under 2007 House Bill No. 1303 to report to the interim Taxation Committee on reasons for not fully implementing use of soil type and soil classification data from detailed and general soil surveys for agricultural property assessment. A copy of Ms. Dickerson's prepared testimony on this topic is attached as [Appendix C](#). She said a survey conducted by the North Dakota Association of Counties in April 2007 identified 18 counties not using detailed or general soil surveys for agricultural property assessments. She said the Tax Department has reviewed application in some counties that

reported current use of soil surveys, and the Tax Department opinion is that some of these counties have not fully implemented use of soil type and soil classification data as required by House Bill No. 1303. She said the Property Tax Division is developing criteria to determine when a county has fully implemented soil survey use in assessments.

Representative Drovdal said during the 2007 legislative session, discussions focused on whether the most recent soil survey use has been implemented by counties. He said some counties he understands are not using current information are not on the list of noncomplying counties. Ms. Dickerson said the general soil survey is older information, and detailed soil surveys are more recent. She said for purposes of this compilation, use of either general or detailed soil surveys qualifies as being in compliance with the requirement for soil survey use.

Senator Urlacher asked what penalty would apply for nonuse of soil survey information. Ms. Dickerson said under 2007 House Bill No. 1303, a penalty of loss of 5 percent of state revenue sharing funds would apply for counties not implementing soil survey use by 2010.

Representative Herbel said it appears a substantial number of counties do not use soil survey information in agricultural assessments, and he asked what those counties use to determine relative values of agricultural property. Ms. Dickerson said the Property Tax Division is going to survey those counties to find out what is being used to assess agricultural property.

Senator Stenehjem said the testimony indicates that several counties are implementing use of soil surveys for assessment purposes over a period of time from 2008 to 2014. He asked how many of those counties would be subject to the penalty under House Bill No. 1303. Ms. Dickerson said several of the counties in the process of implementing use of soil surveys would be subject to the penalty because soil survey use will not be implemented by 2010 in all of those counties.

Representative Schmidt said use of soil surveys in agricultural assessments does not resolve problems. He said Grant County uses soil surveys in agricultural assessments, but Grant County assessments of agricultural land were the subject of a bill considered in 2007 regarding assessment inequities perceived by many agricultural property owners.

REDUCING RELIANCE ON PROPERTY TAXES STUDY

Chairman Stenehjem called on committee counsel for presentation of a memorandum entitled [Political Subdivisions Receiving Property Tax Revenue - Methods to Reduce Reliance on Property Taxes - Background Memorandum](#). Committee counsel said 2007 Senate Concurrent Resolution No. 4031 directs a study of whether there are methods to improve the efficiencies of political subdivisions and reduce the demand for property tax revenues. He said this issue

is another aspect of property tax relief, which was extensively debated during the 2007 Legislative Assembly. He said most of the debate focused on increased state funding to reduce property taxes. He said the sponsor of Senate Concurrent Resolution No. 4031 stated the intention that this study should initiate discussions with representatives of political subdivisions providing services to the public to determine whether there are efficiencies that have been used by political subdivisions or that might be used by political subdivisions to reduce reliance on property taxes.

Committee counsel said political subdivisions with property tax levy authority include school districts, counties, cities, city park districts, townships, rural fire protection districts, the Garrison Diversion Conservancy District, soil conservation districts, rural ambulance districts, the Southwest Water Authority, and recreation service districts. He said the memorandum lists some issues on which the committee should gather information or explore options.

Senator Cook said he introduced the study resolution to initiate discussion of innovations to reduce costs to local government and thus reduce property taxes. He said North Dakota has a great appetite for local government. He said the state has a higher than average percentage of government employees and units of local government. He said the reasons for this situation should be explored, and it will be important to obtain input from representatives of political subdivisions.

Representative Belter said another issue for consideration in this discussion is whether increasing state funding to political subdivisions to reduce property taxes could result in further growth in local government.

Senator Cook said Representative Belter raises a good point that should also be explored. He said incentives for local government growth should not be provided by the state.

Representative Herbel said the property tax relief legislation adopted in 2007 did nothing to limit local spending. He said it will be important during this study to consider ways to limit local government growth when added state funding is provided.

Representative Kasper said the two aspects of committee study of property tax issues involve consideration of property tax reform and relief. He said he views reform as changing the structure of the property tax system. He said he views tax relief as just providing money to taxpayers, such as the relief provided in Senate Bill No. 2032. He said of these two approaches, property tax reform is the one that will provide lasting benefits to taxpayers. He said this is the reason this study is important.

Senator Stenehjem said legislators hear comments from the public blaming the Legislative Assembly for property tax increases. He said the Legislative Assembly also hears opposition from political subdivisions to legislative limitations on property taxes

and local spending. He said it is a difficult position for the Legislative Assembly to determine the proper role for the state in local taxing and spending issues. He said an issue that should be explored is what has occurred in the past when the state has taken over funding of programs previously funded by local government. He said the state assumed funding for district courts and child support enforcement. He said those changes should be analyzed to determine if taxpayers realized a benefit and whether a net decrease in cost resulted. He said another issue that should be analyzed is what tax benefit comes to property taxpayers from state increases in funding for elementary and secondary education. He said a method must be determined to answer these questions.

Representative Froseth said in his county, the county social services staff wants more office space than the entire county courthouse had for 40 or 50 years. He said pressure from increased employment also adds pressure to provide office space. He said perhaps consolidation with other counties could relieve these pressures. He said examination of these issues will be important.

Chairman Stenehjem called on Ms. Sprynczynatyk for comments on the study of efficiency of political subdivisions. Ms. Sprynczynatyk said cities are responsible for providing a broad range of services dealing with issues, such as public health, safety, business environment, zoning, infrastructure, and other functions. She said the League of Cities could provide information on city revenue sources and how city funds are used to provide services.

Chairman Stenehjem called on Mr. Mark Johnson, North Dakota Association of Counties, for comments on the study resolution. Mr. Johnson said an issue he hopes became clear during 2007 legislative deliberations is that there is a substantial variability of tax resources among taxing districts. He said social service costs do not necessarily follow where property tax wealth exists, and in some cases, the highest social service costs exist in counties with the lowest property tax wealth. He said the reality of variability of tax resources raises the issue of the appropriateness of local versus state funding to provide services.

Mr. Johnson said with regard to the property tax study issue of determining residency of property owners, the first step in the process should be determination of what constitutes residency. He said this determination should be made before consideration is given to how counties will administer gathering information.

Mr. Johnson said the Association of Counties has taken the role of seeking uniform county efforts on administering services when efficiencies are identified. He said the association searches for cost-saving methods that work for counties and disseminates the information to other counties. He said another area where cooperative efforts among political subdivisions have provided benefits is in city and county sharing of services. He said benefits have been achieved by

sharing services, and homeland security efforts are a recent example.

Senator Stenehjem said some citizens believe there are excessive numbers of employees and officials in local government. He said it is important to gather information on this issue to make the public aware of efforts political subdivisions have made to be more efficient.

Mr. Johnson distributed a copy of a publication prepared by Cass County for distribution to citizens through *The Forum*. He said this publication is a very good product to provide information to citizens on county services and the cost of those services to taxpayers.

Senator Cook said consolidation of health districts appears to have provided substantial benefits and efficiencies. He asked whether there are other services that could be consolidated and what obstacles exist to consolidation. Mr. Johnson said population distribution is an issue in any consideration of consolidation. He said employment location and attractiveness are issues, and retention of services within communities is desirable to citizens.

Senator Cook asked whether there are potential savings from establishing regional jails rather than county jails. Mr. Johnson said counties have learned a great deal about this issue, and there have been successful consolidations. He said there are significant issues that complicate efforts to consolidate jail services among counties.

Senator Tollefson asked whether the Association of Counties can identify local spending that is caused by state or federal mandates. Mr. Johnson said that is a difficult issue to address, but the Association of Counties could try to provide meaningful information.

Chairman Stenehjem called on Ms. Bev Nielson, North Dakota School Boards Association, for comments on the committee study. Ms. Nielson said some of the issues under this study that affect schools are also issues that will be examined by the Governor's Commission on Education Improvement. She said that commission is beginning its work for the interim. She said the commission will try to identify what constitutes an adequate education and to measure the cost of providing an adequate education. She said the commission will also try to determine appropriate state and local shares of the cost of education.

Ms. Nielson said the committee has discussed mandates, and mandates are a concern of schools. She said significant programs like special education are required to be provided under federal or state law, but funding is not provided to school districts in many cases. She said with regard to the issue of consolidation, school districts have achieved significant advances through consolidation and continue to explore options to consolidate.

In response to a question from Representative Kasper regarding how school buildings can be constructed without the requirement of a vote of the people to approve the indebtedness for the buildings,

Ms. Nielson said she is not certain. Senator Stenehjem said information could be provided to the committee on this issue.

INCOME TAX STUDY

Chairman Stenehjem called on committee counsel for presentation of a memorandum entitled [Income Tax Study - Background Memorandum](#). Committee counsel reviewed the history of individual income tax rates in North Dakota. He said North Dakota has had two filing methods for individuals since 1981 when the Legislative Assembly created a simplified optional method of computing individual income taxes, which was called the short-form method. He said the short-form method was a greatly simplified filing method because there were very few deductions or credits allowed, and tax liability was determined as a percentage of federal income tax liability. He said the short-form rates were set considerably lower than the previous long-form filing method to encourage more filers to use the short form.

Committee counsel reviewed the changes to the two individual income tax filing methods since 1981. He said the short-form method was substantially revised in 2001 to eliminate reliance on federal income tax liability as a starting point and substituting use of federal taxable income as the starting point. He said the change was made because a substantial federal income tax reduction was anticipated, which would have caused a substantial negative revenue impact to the state, which was in an unknown amount during the 2001 legislative session. He said the revised short-form method is roughly equivalent to the previous method because it applies a set of graduated tax rates that are 14 percent of the federal tax rates at that time, and the rates are applied in five income brackets established to mirror federal income brackets at that time. He said the statutory references to the optional short-form method were changed in 2001 to reflect the fact that the great majority of taxpayers used that filing method. He said the previous short form is now referred to as Form ND-1, and the previous long form is referred to as Form ND-2.

Committee counsel said the study resolution places emphasis on establishing a single, uniform income tax return for individuals. He said the study resolution is phrased in broad enough terms to include consideration of corporate income taxes. He reviewed the history of corporate income taxes.

Representative Owens said the study resolution is on the same topic as a 2003-04 study that led to 2005 legislation that was defeated, which would have eliminated Form ND-2.

Representative Drovdal said the 2005 legislation was defeated because a few individuals pointed out how they would be negatively affected by eliminating the Form ND-2 method. He said it appears there are very few individuals who would be in that situation.

Senator Cook said the financial condition of the state has improved since 2005. He said with improved financial circumstances, it might be possible

to reduce the rate for Form ND-1 by a sufficient amount to eliminate any negative effect to taxpayers from eliminating Form ND-2.

Representative Belter said it might be relatively easy to eliminate Form ND-2, but the challenge will then become how to not incorporate Form ND-2 deductions and credits on Form ND-1. He said moving all deductions and credits from Form ND-2 would have a substantial negative fiscal effect.

OIL AND GAS TAX REVENUE ALLOCATION STUDY

Chairman Stenehjem called on committee counsel for presentation of a memorandum entitled [Allocation of Oil and Gas Tax Revenue to or for the Benefit of Political Subdivisions - Background Memorandum](#). Committee counsel said two bills enacted in 2007 provided greater revenue allocations from the oil and gas gross production tax to political subdivisions. He said deliberation on those bills led to introduction of the study resolution assigned to the committee.

Committee counsel said the oil and gas gross production tax and the oil extraction tax are separate taxes imposed under state law. He said the oil extraction tax does not provide any direct revenue allocations to political subdivisions. He reviewed the history of the oil extraction tax.

Committee counsel reviewed the allocation formula for the oil and gas gross production tax. He said 2007 Senate Bill No. 2178 allows a county that reaches its annual cap on oil and gas gross production tax revenue to receive an additional \$1 million in revenues if the county levies a total of at least 10 mills for county road purposes. He said 2007 House Bill No. 1044 increases allocations to a producing county from oil and gas gross production taxes by revising the schedule for division of revenues to allocate up to \$750,000 per year additional revenue to a producing county.

Committee counsel said since 1981 the Legislative Assembly has provided funding for impact grants for oil and gas development. He said 2005 legislation increased the allocation for impact grants from the oil and gas gross production tax from \$5 million to \$6 million per biennium. He said 2007 House Bill No. 1013 provided an appropriation of \$5,888,100 for oil impact grants and \$111,900 for administrative expenses.

Committee counsel said under this study, the committee could consider recent and anticipated oil and gas gross production tax allocations among political subdivisions and impact grants to oil-producing and gas-producing counties. He said the committee could also consider how direct allocations and impact grants work to address impact to infrastructure in oil-producing counties and surrounding counties. He said county infrastructure spending in oil-producing counties could be considered with historical data on highway construction, maintenance, and equipment costs.

Chairman Stenehjem called on Ms. Pam Sharp, Director, Office of Management and Budget, to review general fund revenues and forecasts as published in the June issue of *North Dakota Rev-E-News*. Ms. Sharp said general fund revenue receipts continue to benefit from strength in individual and corporate income tax receipts and sales tax receipts. She said the current estimated general fund ending balance for the 2005-07 biennium is approximately \$267 million. She said the biennium ending balance for the budget stabilization fund will be approximately \$105 million, and the permanent oil tax trust fund will have an ending balance of approximately \$135 million.

In response to a question from Representative Drovdal, Ms. Sharp said insurance premium tax collections are down from forecasts because Comprehensive Health Association of North Dakota program credits have run approximately \$5 million to \$10 million higher this biennium than anticipated.

COMMITTEE DISCUSSION

Senator Cook said the committee should review the information available in the *School Finance Facts* publication of the Department of Public Instruction. Senator Cook said the committee should review the legal definition of residency for various purposes under state law and court decisions.

It was moved by Senator Cook, seconded by Representative Drovdal, and carried on a voice vote that the meeting be adjourned subject to the call of the chairman.

The meeting was adjourned at 1:50 p.m.

John Walstad
Code Revisor

ATTACH:3