

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION  
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

3018

2001 HOUSE FINANCE AND TAXATION

HCR 3018

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3018

House Finance and Taxation Committee

Conference Committee

Hearing Date February 5, 2001

Tape Number	Side A	Side B	Meter #
2	X		1,049
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

**REP. AL CARLSON, CHAIRMAN**, Opened the hearing.

**REP. OLE AARSVOLD, DIST. 20** Introduced the resolution as the prime sponsor. This was introduced for the same reason HB 1432 was introduced. Particularly, I wanted this bill to address building bonds. As of now, the only source of repayment revenue that a school district may use to pay a building bond off is assessed against property in that school district. There are no other sources, we do not have state aid to help school districts build new buildings, or federal grants. In my legislative district, about seventy percent of the taxable property is in rural agricultural property. If you add the disproportionate obligation of a building bond, and suddenly, you have taxpayers holding rural agricultural property, that are paying a pretty dramatic amount to support their school. He related to an incident in a school district where three bond issues were brought before the people, and they all failed, but if the one bond issue would have

passed, one person's obligation to pay off that bond issue would have been one hundred thousand dollars over the course of that bond. I am not suggesting that this is the case across the board, obviously there are folks who are paying much less than that. This resolution before you would merely ask for a study to look at some other sources of revenue to pay off the obligation of building a school.

**REP. KROEBER** This seventy percent that you talked about in your district, what do you think a district like Jamestown would be?

**REP. AARSVOLD** I don't have that information, my guess is your legislative district includes a significantly more urban properties, where the load on the ag land would be somewhat less.

**NEAL JOHNSON, RURAL MAYVILLE, SCHOOL BOARD MEMBER.** Testified in support of the resolution. Gave a break down of Trail County. He stated they have an old building fund. They currently have sixteen mills of old outstanding fund levies left, which will be paid off in about two years. Mayport, has an old building fund levy of ten mills which should be paid off in another seven years, and also a joint building levy of ten mills. Clifford/Galesburg district has twenty six mills just for buildings. Mayville/Portland have twenty mills for buildings. I have been on the board for eleven years and have gone through an absolute struggle to try to get a bond issue passed. We have gone through hellfire and brimstone because of the fact that property taxes are way too high. We are doing patchwork on our buildings, how long does that last. When we are talking about educating children, which is near and dear to my heart, the bricks are falling off of the building. I have been in contact with Sen. Dorgan and Conrad and Representative Pomeroy. For the last two years, the federal government has tried to come in with some bill to help with bricks and mortar. It failed. That bill would have at least paid the

interest on the bond issue. Nothing was accomplished, and we are here today to ask for help in some fashion.

LESLIE ALM, PORTLAND. Testified in support of the resolution. Stated he was new on the school board. He stated they were trying for a ten mill increase just for the elementary building.

WADE MOSER, NORTH DAKOTA STOCKMEN'S ASSOCIATION. Testified in support of the resolution. He felt a lot of the work that was done during the interim could get this off the ground.

REP. ED LLOYD, DIST. 19, Testified in support of the bill as one of the sponsors.

REP. CARLSON Related back to prior sessions to Rep. Schimke's bill, which was another way to do some of what this resolution would do.

REP. AARSVOLD Stated it would look at all properties.

REP. HERBEL Related to a bill which was brought up for the Grand Forks floods.

ARVID WINKLER, BARNES COUNTY, Testified in support of this resolution. See attached written testimony.

With no further testimony, the hearing was closed.

**COMMITTEE ACTION 2-12-01, TAPE #1, SIDE B, METER #2422**

REP. SCHMIDT Made a motion for a **DO PASS**

REP. KROEBER Second the motion

Committee members discussed many views regarding the resolution.

Some discussion was held of possibly amending the resolution. After more discussion, Rep.

Schmidt and Rep. Kroeber withdrew their motions of a Do Pass.

REP. RENNER Made a motion for a **DO NOT PASS.**

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House Finance and Taxation Committee  
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REP. CLARK Second the motion. **MOTION CARRIED.**

9 YES    6 NO    0 ABSENT

REP. RENNER Was given the floor assignment.

Date: 2-12-01  
 Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
 BILL/RESOLUTION NO. HCR 3018

House FINANCE & TAXATION Committee

Subcommittee on \_\_\_\_\_  
 or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Not Pass

Motion Made By Rep. Renner Seconded By Rep. Clark

Representatives	Yes	No	Representatives	Yes	No
CARLSON, AL, CHAIRMAN	✓		NICHOLAS, EUGENE	✓	
DROVDAL, DAVID, V-CHAIR		✓	RENNER, DENNIS	✓	
BRANDENBURG, MICHAEL	✓		RENNERFELDT, EARL	✓	
CLARK, BYRON	✓		SCHMIDT, ARLO		✓
GROSZ, MICHAEL	✓		WIKENHEISER, RAY	✓	
HERBEL, GIL		✓	WINRICH, LONNY		✓
KELSH, SCOT		✓			
KROEBER, JOE		✓			
LLOYD, EDWARD	✓				

Total (Yes) 9 No 6

Absent \_\_\_\_\_

Floor Assignment Rep. Renner

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)  
February 12, 2001 11:55 a.m.

Module No: HR-25-3034  
Carrier: Renner  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

HCR 3018: Finance and Taxation Committee (Rep. Carlson, Chairman) recommends **DO NOT PASS** (9 YEAS, 6 NAYS, 0 ABSENT AND NOT VOTING). HCR 3018 was placed on the Eleventh order on the calendar.

2001 SENATE FINANCE AND TAXATION

HCR 3018

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 3018

Senate Finance and Taxation Committee

Conference Committee

Hearing Date 3/7/01

Tape Number	Side A	Side B	Meter #
1	x		50.3-end
		x	0-4.5
		x	27.5-33
Committee Clerk Signature <i>Lynelle G. King</i>			

Minutes:

Senator Urlacher: Opened the hearing on HCR 3018, directing Legislative Council to study alternatives, including school district income taxes, for funding sources to reduce school districts' dependence on property taxes.

Representative Ole Aarsvold: Prime sponsor of the bill, testified in support. This suggests that school reconstruction is being postponed since payment of school buildings comes from property tax proceeds. The public feels that property taxes are too high, that they bear too much of the cost of education, and that income taxes in this state are modest. Bond issues get rejected because of the property taxes.

Representative Ed Lloyd: Co-sponsored the bill, testified in support. This resolution is a segment of the equation which we hope will be studied.

Senator Kroepelin: This local income tax, would just be for bond issues?

Representative Ed Lloyd: That's my understanding. Just for reconstruction of the schools.

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Senate Finance and Taxation Committee

Bill/Resolution Number 3018

Hearing Date 3/7/01

Senator Wardner: Why are Ag land is going up in taxable value?

Representative Ed Lloyd: I don't have answer. The capitalization rate might be the biggest part.

Representative Joyce Kingsbury: Co-sponsored the bill, testified in support. I think the full scope of the problem needs to be studied.

Senator Urlacher: Closed the hearing. Action delayed.

Discussion held later. Meter number 27.5-33, Side B.

Senator Wardner: It seems like we study this every session and a lot of the things they come up with nobody wants to do.

Senator Urlacher: We turned another bill into a study resolution that would cover this.

Senator Kroeplin: I don't like the system of a local income tax.

COMMITTEE ACTION:

Motion made by Senator Wardner for a DO NOT PASS, Seconded by Senator Christmann. Vote was 5 yeas, 1 nay, 0 absent and not voting. Bill carrier was Senator Christmann.

Date: 3/7/01  
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 3018

Senate Finance and Taxation Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken DO NOT PASS

Motion Made By Wardner Seconded By Christmann

Senators	Yes	No	Senators	Yes	No
Senator Urlacher-Chairman	✓				
Senator Wardner-Vice Chairman	✓				
Senator Christmann	✓				
Senator Stenehjem	✓				
Senator Kroeplin	✓				
Senator Nichols		✓			

Total (Yes) 5 No 1

Absent 0

Floor Assignment Christmann

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE (410)**  
March 7, 2001 5:41 p.m.

Module No: SR-39-5055  
Carrier: Christmann  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

**HCR 3018: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO NOT PASS (5 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). HCR 3018 was placed on the Fourteenth order on the calendar.**

2001 TESTIMONY

HCR 3018

ACR 3018

Attend to this

School boards in the Barnes County area must recognize the area needs and act now. Education is more than teaching grown ups to act like little kids on a playground. It is also more than a sports team. Sharon Buhr's letter of 3-6-99 is a bit off target.

Times have changed. When I was growing up I could get Penney's Big Mac jeans off the shelf in Valley City. Then I had to go to West Acres for the same product. Now I must have them shipped in after ordering from a catalogue. The delivery system for the same product has changed.

Cenex reduced their hardware layout. Ben Franklin closed its doors. Fleet Wholesale closed its doors. Now I get to go up and down I-94 to Jamestown or Fargo for the same off the shelf merchandise. Two banks on Central Avenue are now one bank. The delivery system for the same product has changed.

I keep hearing about reduced student numbers. Just which schools have closed? It appears that it is time to change the delivery system for the product.

Teacher salaries seem to be a big issue. If you closed some schools you would at least get rid of some administrative staff. How much could you raise the salaries of the remaining teachers as a result?

Some North Dakota school buildings are being kept open as a form of tokenism. It is just that you want to raise the income tax to pay for the resulting inefficiency.

In America all men are created equal - until you notice the location of the school district boundary. Then it is obvious that some are more equal than others. Political prisoners is not just a term applied to far off countries. Paying property taxes no longer entitles anyone to vote. I took a look at the numbers in Barnes, Cass, and Stutsman Counties, as published for the 1997-98 school year.

Valley City's cost per pupil at 3598 is hard to beat. Look in Stutsman County for the real winner at 11,147, and that is for a district with only K-6.

Look in Stutsman County for a taxable value per pupil of 74,371. Valley City has 8159, only to be edged by Jamestown at 7981. The highest valuation per pupil for Barnes County is 21,400.

If you want a low mill levy, look in Barnes County for 111.43 at a school that doesn't seem to go beyond sixth grade. (The same district has the high valuation per pupil of 21,400). Valley City at 223.31 is above the state average of 215.96. I would venture a guess that these levies are being applied to adjacent properties.

If you want a high mill levy look at the 322.66 in Fargo.

School buses from other districts into Valley City seem to be like voting in Chicago - go early and often.

Within a three mile radius of Valley City, the school mill levy drops to 176.45 for some property owners. At seven miles out it drops to 172.1 for others. At this distance the property seems to be managed out of Cass County. If distance from Valley City is the problem, let's give everyone the same break at the same distance.

Indeed the funding formula for elementary and secondary education must be changed to provide equity. When that equity is achieved, Barnes County apparently could have schools with a taxable valuation per pupil of 11,000, a mill levy of 188, and a cost per pupil of 4700 before staff reductions and with no new construction.

If you want to take another look at HB 1449, maybe we should look at 100% state funding. Let the state collect a reduced educational property tax at the same mill levy for everyone and then supplement that with an income tax increase. That would bring down property taxes for farmers.

On the other hand, it might be time to realize that there is no more money coming from Bismarck. If you keep looking for the solution from the ND Legislature, you might not like the eventual answer. Businesses are restructuring all the time. It appears to be time for education to restructure. The product needs to be delivered in a different manner to provide some real equity.

Every time that tractor gets bigger, a part of the school closes.  
Every time that combine gets bigger, a part of the school closes.  
Every time that truck gets bigger, a part of the school closes.  
Every thing that takes less people, means less students in the school.

John G. ...  
John G. ...