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2003 HOUSE POLITICAL SUBDIVISIONS

HB 1428

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10/16/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB 1428**

House Political Subdivisions Committee

Conference Committee

Hearing Date February 7, 2003

Tape Number	Side A	Side B	Meter #
1	X		0.8
Committee Clerk Signature			

Minutes:

REP. FROSETH Called the hearing to order.

REP. BYRON CLARK, FARGO Introduced the bill. He submitted a copy of the state law.

See attached copy. He stated they want to change the state law back to what it was originally.

According to some of the research he did, the law relates back to 1973, Clayton Ladone, a Fargo legislator introduced the changes at that time. He amended a bill which basically, froze the school district from growing. The bill passed, and the city of Fargo continued to grow, and at that time, the West Fargo school district was a lot poorer than what it is today. The taxable evaluation per student was about \$2900, and in Fargo it was about \$4300. There was discussion if they should consolidate the two districts, at the time, it was an option that Fargo was considering. The law passed and the resulting effect was that school district boundaries of Fargo were frozen. Today, Fargo schools and West Fargo schools have been taxed at an evaluation per student of about \$14,500, essentially, now they are on equal footing. I suggest the law change

Page 2

House Political Subdivisions Committee

Bill/Resolution Number HB 1428

Hearing Date February 7, 2003

back to allow each school district to benefit from the fruits of their own growth. Currently, the West Fargo school district taxable evaluations are growing at two times the rate of the Fargo school district. It is time that we consider changing the law back again. I do not wish to harm my good friends and neighbors from West Fargo. I want to find a compromise that works for all involved. He stated he tried to find a concept that would work for everyone. One option was to reclaim the property from the left side of the school district that currently lies within the Fargo city boundaries. Another option was to consolidate the two school districts. The other option was to change the law back. I chose option three, because this option is the best way to achieve the growth and equity, so that each school district can benefit from the fruits of their growth in those evaluations. Both Fargo and West Fargo are growing, both would achieve an increase in evaluations, both cities can benefit from this proposal. It is only fair to allow the school districts to change with the city boundaries.

REP. AL CARLSON, FARGO Testified in support of the bill. See attached written testimony.

REP. SEVERSON Asked what percentage of reserves does the school district of Fargo have?

REP. CARLSON Deferred the question to the school board representatives.

REP. SEVERSON What have both cities done as far as public input, in regard to this problem.

REP. CARLSON Stated he could only relate to public input he received since the bill came out. Everyone in Fargo thinks it is great, and those in West Fargo don't like it. This is a policy decision that was made in 1973, our only solution was to come back to you and ask what should we do with it. Its a problem that will not get better, it will continue to grow together.

Page 3
House Political Subdivisions Committee
Bill/Resolution Number HB 1428
Hearing Date February 7, 2003

REP. SEVERSON Asked if the public had opportunities to deal with this locally, before it was brought to the legislature.

REP. CARLSON Stated he couldn't answer that for a fact, he was not aware of public meetings, dealing with consolidation or boundary changes. The issue is centered in the valley on the annexation of land, and has not centered on the school district. This takes it to another level, because one would accompany the other. To go back to the old law, there is no question, that the school goes with.

REP. FROSETH You mentioned consolidation, has there been any serious conversation about consolidating the districts?

REP. CARLSON I wouldn't call it serious. It was an issue thirty years ago, and it is still an issue that should be looked at today.

ROB LYNCH, FARGO CITY COMMISSIONER, FARGO, ND Testified in support of the bill. Stated he had comments from the Fargo City Mayor plus his own comments. He stated, this is not only an effect on the Fargo school districts, but also on the city of Fargo. Since the law was changed the district taxable valuation has increased by 931%, while Fargo's school districts only increased by 317%. A lot of the future development will be in the West Fargo school district. The city of Fargo has spent large sums of money on infrastructure needs and on economic development efforts, much of which will benefit the West Fargo school district. The Fargo school district is not sharing proportionately in this expanding commercial tax base. Both school districts rely heavily on property taxes, which is about sixty percent. If property tax requirements were cut in half, this issue would not be critical. Submitted a map which showed the 2002 taxable valuations. See attached copy. He stated they believe this issue needs a

Page 4
House Political Subdivisions Committee
Bill/Resolution Number HB 1428
Hearing Date February 7, 2003

resolution. Suggested an amendment to the bill so that both school districts are allowed to continue to grow. Perhaps, consolidation is the ultimate solution. He stated he wanted to speak as a Dad, and taxpayer, who lives in the city of Fargo. He stated that property taxes he pays on his property in the Fargo school district, are for infrastructure and improvements in another school district. He stated Fargo is continuing to grow, and growing pains are continuing to happen, and we really need to put together a plan that addresses the situation.

REP. WEILAND You mentioned you are paying taxes in the Fargo area, for infrastructure in the West Fargo school district, I am aware that schools don't pay real estate taxes, but they do pay special assessments. Are they not paying their fair share of special assessments to the individual properties?

ROB LYNCH That is not the point I am trying to make that they are not paying through special assessments. The point I am trying to relay here, as far as a taxpayer and Dad I am speaking to, is paying a portion of city property tax to fund many of the services and infrastructure improvements in an area that benefits a different school district. That is a concern of many of my constituents.

REP. SEVERSON Asked if there was any public input which he knew about?

ROB LYNCH Personally, being on the City Commission for three years, to be very honest with you, apart from being on the City Commission, all I did was gripe and complain about the situation. Now, as a City Commissioner, when we have any type of meetings where different groups are getting together, such as quarterly meetings, we have between our City Commission, our Park Board and our school district and most recently, with the representatives through the West Fargo school district, I don't think the topic has been jumped right into. I think it has

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Page 5
House Political Subdivisions Committee
Bill/Resolution Number HB 1428
Hearing Date February 7, 2003

always been an underlying discussion, but, I know from folks I represent, their concern has always been, the legislation set the situation in place, the only way this will change is to go out there and get it changed. I don't think there was formal discussion, should we consolidate or not.

REP. SEVERSON Stated he grew up in a rural area. How do you feel about consolidation?

ROB LYNCH I have children in the Fargo school district, when I look at the situation as a whole, and look at the situation as an elected official and as a taxpayer and as a Dad, I think you are right, it would set an example to bring two situations together. I will preface that with, I personally did not go through a Fargo public school and did not graduate from West Fargo public school. I also grew up in a rural area. I grew up in an area where schools were consolidated. It is a tough thing to go through.

REP. HERBEL Stated there is a similar situation happening in the Minneapolis area right now, did you look at what they are doing in terms of consolidating or sharing.

ROB LYNCH I did not personally look at that, I can't speak for the school boards if they have looked at that. Even at the local level, when we looked at making changes with whatever difficult situation we are going through, I am a firm believer in not reinventing the wheel. I am a believer in taking a look at what others are doing.

DAN HUFFMAN, ASSISTANT SUPERINTENDENT OF THE FARGO SCHOOL

DISTRICT Testified in support of the bill. See attached testimony.

REP. IVERSON Referred to the map, asked if it was split down the middle.

DAN HUFFMAN Anything that is already annexed by the city of Fargo, would not be a part of this bill. This only talks about property that will be newly annexed.

REP. IVERSON How much does it cost for the Fargo school district to educate a child right now?

(Could not hear the answer.)

DAN HUFFMAN Gave examples of costs for programs in the Fargo school district.

REP. IVERSON Asked if there were any formal discussions regarding consolidation.

DAN HUFFMAN About three years ago, both superintendents were retiring, there was some discussion about the possibility of sharing superintendents. There have been discussions about those kinds of things.

REP. HERBEL Referred to a chart, school district #6, and how they were related.

DAN HUFFMAN Stated, it was the first time he saw this information. He thought it was the part the city of Fargo is proposing to annex. The area in the blue, is one section of property, west of the Interstate, that at the present time, is in the Fargo school district, the rest of that would be in the West Fargo school.

REP. HERBEL Asked what kind of reserves are available in the Fargo school district and what percent of the budget that is

DAN HUFFMAN Stated about fourteen million, total general fund expenditures are going to be somewhere around 85 million next year.

REP. HERBEL Have you looked at what is happening outside the state of North Dakota?

DAN HUFFMAN If we were in the state of Minnesota where one tenth of our revenue came from property taxes, etc., this would be a completely different issue.

BEV NEILSON, REPRESENTING THE NORTH DAKOTA SCHOOL BOARD

ASSOCIATION Testified in opposition of the bill. Should never make a statewide policy to

