

2019 SENATE FINANCE AND TAXATION COMMITTEE

SB 2255

2019 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB 2255
1/21/2019
Job #31073

- Subcommittee
 Conference Committee

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| Committee Clerk: Alicia Larsgaard |
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Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact section 57-15-13 of the North Dakota Century Code, relating to changes in school district tax levies; and to provide an effective date.

Minutes:

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| Attachments: 1-2 |
|------------------|

Chairman Cook: Called the hearing to order on SB 2255.

Vice Chairman Kannianen ran the hearing as Senator Cook introduced the bill.

Chairman Cook, District 34, Mandan: Introduced SB 2255. I would call this a simple clean-up legislation. As you all know, schools build their budget starting in August. As they move forward, some may have to increase it or decrease it. There is some confusion out there about some school districts were allowed to increase it while others were told they could not increase. As we think of build in budgets, we think of starting with the dollars you need then you work down and determine what your bill rate it. Counties and cities do that. With the school funding formula that we have now, it is going to be difficult for some school districts. This just puts into practice, what most school districts have been doing. They have been increasing. There is some confusion as to whether they should be so this just clarifies that. I would ask for your favorable opinion on this bill. I would stand for questions.

Aimee Copas, Executive Director for North Dakota Council of Educational Leaders: Testified in favor of the bill. See attachment #1. Our organization serves our school administrators and school leaders. We come to you in support of Senator Cook's bill. This past July it was identified by a number of our superintendents that there may have been a difference in interpretation between two areas of our tax code. That is in section 57 and 40. I also included the pieces of tax code and excerpts of what I am talking about. What ended up happening is these superintendents said they have county auditors that are indicating that we are going to need to have our tax levy ironed out completely by August 10. The challenge in that is being that not all the assessments are necessarily in. With other entities, they are close enough. Without schools, it becomes an act of needing to me meticulously exact because of how we interact with the school funding formula and how with the 12% increase, school districts are automatically going to be deducted that amount in their property is growing. It is a little more of a science.

Senator Unruh: You mentioned about school districts not having their budget done or the assessments in? Or do you just not know if you need to send the notice out at that point?

Aimee Copas: If I may clarify that for you, we have our budgets all done by August 10 and our mill levy worksheet is done. What ends up happening occasionally, is not all of the locally assessed property is in by the time we are at August 10. There is a piece in century code if you reflect upon here, where it states in 57-15-13 that school districts have the opportunity to amend their budget through the 10th day of October. That is specifically for this reason. Senator Cook and I have had a lot of conversations about getting to the point that all assessments are going to be in on August 10. But we also know that this is a learn and a transition process. We had a school superintendent that contacted me in November after the August 10 day and said “hey I just got a piece of my assessment in this late.” Additionally, the auditors were using an area of century code 40-02 and it has been defined by this body that schools are not included in section 40-02. I want to say that two sessions ago we worked on the bank tax dollars and schools were excluded from receiving money from those dollars because we didn’t fit into the definition in 40-02. When we met with the tax commissioner’s office, we just said that we couldn’t lose money out of the bank tax of 40-02 and then we live in it today for a different reason. Essentially what we came to is that the practice has been an ability for the schools to amend because of 57-15-13, which was created specifically for schools to work with the funding formula. This is a practice that has been in place for quite some time. The tax commissioner’s office did send out guidance on July 25 to all of the county auditors indicating to them that it is okay to do it this way. That wasn’t the case for all schools. That is one of the things that Senator Cook asked that we circle back on. We still have some county auditors that felt like the interpretation was off. We came to the point that a simple clarification in language should clean this up and make it easier for county auditors and appropriate for school districts.

Senator Patten: You mentioned that some of the tax districts have trouble but what about centrally assessed properties?

Aimee Copas: Assessed came in on time this year. When we met on July 25th, Linda Leadbetter, had come in that week. It is the locally assessed that came in later.

Mike Bitz: Testified in favor of the bill. See attachment #2.

Chairman Kannianen: Anyone else in favor of SB 2255? Any opposed to the bill? Any neutral testimony for this bill? Seeing none we will close the hearing.

Senator Patten: Moved a Do Pass

Senator Unruh: Seconded.

Chairman Cook: Any discussion?

Senator Dotzenrod: Having the word amend in the current law had left the question of; does that mean that they can legally move their mill levy up or down? I suppose that is not clear

to have “amend” in there. The “amend” might mean changing a policy. Evidentially somebody ran into a difficulty with the word “amend” in there. Is that right?

Chairman Cook: I think if you go to Aimee’s testimony, you will see the connection to the other section in chapter 40 that caused concern of different policies with auditors. Some will say you can increase and others will say you can’t.

Chairman Cook: Any other questions?

A Roll Call Vote Was Taken: 5 yeas, 0 nays, 1 absent.

Motion Carried.

Senator Unruh will carry the bill.

**2019 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO.**

Senate Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Patten Seconded By Unruh

| Senators | Yes | No | Senators | Yes | No |
|-------------------------|-----|----|-------------------|-----|----|
| Chairman Cook | ✓ | | Senator Dotzenrod | ✓ | |
| Vice Chairman Kannianen | ✓ | | | | |
| Senator Meyer | | | | | |
| Senator Patten | ✓ | | | | |
| Senator Unruh | ✓ | | | | |
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Total (Yes) 5 No 0

Absent 1 - Meyer

Floor Assignment Unruh

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

REPORT OF STANDING COMMITTEE

SB 2255: Finance and Taxation Committee (Sen. Cook, Chairman) recommends **DO PASS** (5 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2255 was placed on the Eleventh order on the calendar.

2019 HOUSE FINANCE AND TAXATION

SB 2255

2019 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

SB 2255
3/11/2019
33494

- Subcommittee
 Conference Committee

Committee Clerk: Mary Brucker

Explanation or reason for introduction of bill/resolution:

A bill relating to changes in school district tax levies.

Minutes:

Attachments 1-2

Chairman Headland: Opened hearing on SB 2255.

Aimee Copas, Executive Director of the North Dakota Council of Educational Leaders: Introduced bill. Distributed written testimony, see attachment 1. Ended testimony at 5:54.

Representative Mitskog: In my area we've had some challenges getting information from the county early enough to make accurate budget projections. In the past year have things improved?

Aimee Copas: There have been significant problems over the years trying to get these things in line. They are getting better. SB 2288, last session, is starting to walk us through that process. None of these changes happen overnight. It varies county by county. The differences in dates gives us that wiggle room.

Representative Steiner: What is the effective date of 2018, is that retroactive?

Chairman Headland: It just covers the full tax year.

Aimee Copas: No, it is not retroactive. It's no different than what we're doing now, it just clarifies that in law so there is no question between the auditors and the tax office from any point moving forward.

Representative B. Koppelman: Is this going to limit you by removing the word "amend"? Could it be suggested that you can only increase or decrease a total budget but not certain line items? Could somebody take an odd reading of that by using this terminology?

Aimee Copas: I don't believe so. This August 10 deadline is our preliminary mill levy tax sheet that we submit to the tax department. Our overall budgets are mostly complete. As long as we live within our number we can amend line items locally; that's a local school board

decision. This piece should not impact that piece as long as we can amend the number of mills it takes to get to our budget number.

Chairman Headland: Further testimony in support?

Mike Bitz, Superintendent of the Mandan School District: Distributed written testimony, see attachment 2. Ended testimony at 11:08.

Chairman Headland: Further testimony in support?

Alexis Baxley, Executive Director for North Dakota School Boards Association: Please give this bill a do pass for the same reasons as mentioned in testimony.

Chairman Headland: Further support? Is there opposition? Seeing none, we will close the hearing on SB 2255. Can we move this bill?

Representative Dockter: MADE A MOTION FOR A DO PASS

Representative Eidson: SECONDED

Chairman Headland: Discussion?

ROLL CALL VOTE: 12 YES 1 NO 1 ABSENT

MOTION CARRIED

Representative Hatlestad will carry this bill.

Date: 3-11-19
 Roll Call Vote #: 1

**2019 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. SB 0055**

House Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: _____

- Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Rep. Dockter Seconded By Rep. Eidson

| Representatives | Yes | No | Representatives | Yes | No |
|--------------------------|-----|----|------------------------|-----|----|
| Chairman Headland | X | | Representative Eidson | X | |
| Vice Chairman Grueneich | A | | Representative Mitskog | X | |
| Representative Blum | X | | | | |
| Representative Dockter | X | | | | |
| Representative Ertelt | | X | | | |
| Representative Fisher | X | | | | |
| Representative Hatlestad | X | | | | |
| Representative Kading | X | | | | |
| Representative Koppelman | X | | | | |
| Representative Steiner | X | | | | |
| Representative Toman | X | | | | |
| Representative Trottier | X | | | | |
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Total (Yes) 12 No 1

Absent 1

Floor Assignment Rep. Hatlestad

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

REPORT OF STANDING COMMITTEE

SB 2255: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **DO PASS** (12 YEAS, 1 NAYS, 1 ABSENT AND NOT VOTING). SB 2255 was placed on the Fourteenth order on the calendar.

2019 TESTIMONY

SB 2255

Testimony In Support of SB 2255

1/21/2019

NDCEL

This July it was identified by a number of Superintendents that there might have been a difference in interpretation of ND Century Code that has been in place and accurately interpreted for quite some time. ND Schools are impacted in two areas of century code specific to this bill today – in section 57 and section 40)

In July, number of people representing ND Superintendents met with legislators and the ND State Tax Commissioner and individuals within his office to discuss implications of interpretations made over the summer of SB2288 and two sections of century code that impact schools (sections 57-15-13 & 57-15-31 and sections 40-40-02 & 40-40-08).

Those in attendance were: Senators Schaible & Cook, ND Tax Commissioner Ryan Rauschenberger, Linda Leadbetter, Sandy McMerty, Jeff Fastnacht, Mike Bitz, Mark Lemer, Rob Lech, Darin Scherr, Elroy Burkle, RaeAnn Kelsch, and Aimee Copas.

Topic of discussion: At the recent annual conference where the county auditors were in attendance, the Tax Commissioner's office shared with the auditors that there was only one section in law that including the specific prohibition of levying beyond the preliminary budget. Based on that, some auditors have interpreted that to include schools causing some confusion. Many auditors interpreted section 40-40-02 of code to include schools, when actually that section of law does NOT include schools in the definition. In fact in past decisions, such as in the bank tax dollars from 2 sessions ago – it was determined that school were NOT a part of section 40 ultimately resulting in the loss of a share of the bank tax dollars costing the schools several million dollars state wide. (40-40-02. Definitions. In this chapter, unless the context or subject matter otherwise requires: 1. "Governing body" means the city council, board of city commissioners, park commissioners, or city manager. 2. "Municipality" means any city or park district in this state.) We shared with the tax office that schools have not in the past been included in the definitions outlined in section 40-40-02 and that because of the rather difficult nature of schools having dual interaction with Tax Code as well as our Foundation Aid Formula, historically we've operated under tax code 57-15-13 whereby our preliminary budgets are due in August, HOWEVER, we have until October 10th to amend those budgets due to the fact that it takes additional time to have accurate numbers from our county. To have schools appropriately and equitably funded in the Foundation Aid Formula we must be as accurate with the final number as possible. Having even relatively "minor" miscalculations due to not having all the information in hand can cause tremendous troubles in the formula where we have a 60 mill deduct coupled with a cap of 12% in our growth.

We indicated that this was the first year that schools have even been in a scenario where our preliminary budget would only be able to be adjusted downward (this based on the prior guidance by the tax office). We came into this meeting asking that schools be recognized as had been in the past whereby they could amend their budgets according to NDCC 57-15-13.

As we worked through the details, we concluded that the law is silent on schools in section 40 and that it is in the best interest of schools to continue to operate via the guidelines in section 57 of tax code indicating that our preliminary budgets are due on August 10th, however, we do have until October 10th to amend those budgets as locally assessments become available. NDCEL sent guidance out to the districts, and the Tax office also sent out guidance after this meeting to the auditors. Furthermore, it was agreed that we'd circle back this past fall and discuss how it went. Despite the guidance many districts still experience difficulty with their auditor, forcing them to push their budgets higher to provide possible cushion to protect the budget as assessments rolled in. Because of the continued difficulty with this interpretation, the next approach was to clarify the law so there was no question and it would make it clear for all auditors. Hence the language change you see in the bill today. Again – helps law to more accurately reflect years of intent and practice. We thank you for your time and encourage a DO PASS of SB2255.

The conflict in law is below.

57-15-13. School district tax levies. School district taxes must be levied by the governing body of each school district on or before the tenth day of August of each year. The governing body of the school district may amend its tax levy and budget for the current fiscal year on or before the tenth day of October of each year but the certification must be filed with the county auditor within the time limitations under section 57-15-31.1. Taxes for school district purposes must be based upon an itemized budget statement which must show the complete expenditure program of the district for the current fiscal year and the sources of the revenue from which it is to be financed. The school board of each public school district, in levying taxes, is limited by the amount necessary to be raised for the purpose of meeting the appropriations included in the school budget of the current fiscal year, and the sum necessary to be provided as an interim fund, together with a tax sufficient in amount to pay the interest on the bonded debt of the district and to provide a sinking fund to pay and discharge the principal thereof at maturity.

57-15-31.1. Deadline date for amending budgets and certifying taxes. No taxing district may certify any taxes or amend its current budget and no county auditor may accept a certification of taxes or amended budget after the tenth day of October of each year if such certification or amendment results in a change in the amount of tax levied. The current budget, except for property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared.

40-40-02. Definitions. In this chapter, unless the context or subject matter otherwise requires: 1. "Governing body" means the city council, board of city commissioners, park commissioners, or city manager. 2. "Municipality" means any city or park district in this state.

40-40-08. Hearing of protests and objections - Changes in preliminary budget – Preparation of final budget - Contents. The governing body shall meet at the time and place specified in the notice set pursuant to section 40 - 40 - 06 and shall hear any and all protests or objections to the items or amounts set forth in the preliminary budget statement. At the hearing, the governing body shall make any changes in the items or amounts shown on the preliminary budget statement as it may deem advisable except as limited in this chapter, and shall prepare the final budget, which must consist of the preliminary budget with the addition of columns showing:

The final appropriations for the various expenditure items specified in the preliminary budget statement. The final appropriation of any fund total may not exceed the total amount requested in the preliminary budget.

**Testimony in Support of
SB 2255
ND Senate
Finance and Taxation Committee
January 21, 2019
By: Mike Bitz
(701) 391-8664**

Chairman Cook and Members of the Senate Finance & Taxation Committee,

My name is Mike Bitz and I am the superintendent of the Mandan School District. I appreciate the opportunity to appear before you this morning to speak in support of SB 2255. I will be brief.

SB 2255 was introduced to clarify what is already in practice. School districts have always been able to “increase or decrease” their mill levy after they submit their preliminary budget on August 10th. Other political subdivisions like cities and counties do not have the ability to increase their mill levy request once they have submitted their preliminary budget, but school districts are unique, and they need this flexibility for two reasons.

First, the ND Legislature has passed a school funding formula which requires a minimum local effort of 60 mills or a 12% increase in dollars over the previous year’s general fund levy, whichever is less. Because local taxable valuations are not yet finalized by August 10th school districts need the ability to amend their mill levy request in response to changes in the taxable valuation. Without this ability school district could potentially forfeit dollars they are entitled to under the foundation aid formula.

Secondly, when cities and counties submit their preliminary budget in August and final budget in October, they are setting this budget for a fiscal year that begins on January 1st, three months in the

future. The fiscal year for all school district begins on July 1st. When school districts submit its preliminary budget on August 10th, they are already almost a month and a half into their fiscal year. When the final budget is submitted for school districts on October 10th over a quarter of their fiscal year has passed. If there is a change in taxable valuation between August and October, school districts need the ability to adjust their mill levy in response to their change. State law dictates that teachers have continuing contract rights and need to be notified in April if they are not going to be employed in the upcoming year. Without the ability to reduce staff in response to a change in taxable valuation, having an option for school districts to amend their revenue request is vital.

In closing, I want to let the committee know that the Mandan School District has never increased their mill levy request after we submitted our preliminary budget. We realize how poorly that would go over with our patrons. School districts raising their mill levy request after they submit a preliminary budget is a rare occurrence. However, this flexibility is needed because of the unique circumstances related to school funding.

I thank you for the opportunity to appear before you today and I urge the committee to give SB255 a unanimous DO PASS recommendation. I would be happy to try to answer any questions you may have.



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Testimony in Support of SB 2255

3/11/2019

NDCEL

Good morning Chairman Headland and members of the House Finance and Taxation committee, my name is Aimee Copas, I come before you today as the Executive Director of the ND Council of Educational Leaders representing our school leaders including Superintendents, Principals, County Superintendents, Business Officials, CTE Directors, REA Directors, Special Ed Directors, and truly every school leader and administrator with the exception of teachers and school board member. We come to you in support of SB 2255.

This July it was identified by a number of Superintendents that there might have been a new difference in interpretation of ND Century Code that has been in place and accurately interpreted for quite some time. ND Schools are impacted in two areas of century code specific to this bill today – in section 57 and section 40 both with regard to how schools are defined and to be establishing budgets in law.

In July, number of people representing ND Superintendents met with legislators and the ND State Tax Commissioner and individuals within his office to discuss implications of interpretations made over the summer of SB2288 and two sections of century code that impact schools (sections 57-15-13 & 57-15-31 and sections 40-40-02 & 40-40-08). Those in attendance were: Senators Schaible & Cook, ND Tax Commissioner Ryan Rauschenberger, Linda Leadbetter, Sandy McMerty, Jeff Fastnacht, Mike Bitz, Mark Lemer, Rob Lech, Darin Scherr, Elroy Burkle, RaeAnn Kelsch, and Aimee Copas.

Topic of discussion: At the recent annual conference where the county auditors where in attendance, the Tax Commissioner’s office shared with the auditors that there was only one section in law that including the specific prohibition of levying beyond the preliminary budget. Based on that, some auditors have interpreted that to include schools causing some confusion. Many auditors interpreted section 40-40-02 of code to include schools, when actually that section of law does NOT include schools in the definition. In fact, in past decisions, such as in the bank tax dollars from 2 sessions ago – it was determined that school were NOT a part of section 40

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ultimately resulting in the loss of a share of the bank tax dollars costing the schools several million dollars state wide. (40-40-02. Definitions. In this chapter, unless the context or subject matter otherwise requires: 1. "Governing body" means the city council, board of city commissioners, park commissioners, or city manager. 2. "Municipality" means any city or park district in this state.) We shared with the tax office that schools have not in the past been included in the definitions outlined in section 40-40-02 and that because of the rather difficult nature of schools having dual interaction with Tax Code as well as our Foundation Aid Formula, historically we've operated under tax code 57-15-13 whereby our preliminary budgets are due in August, HOWEVER, we have until October 10th to amend those budgets due to the fact that it takes additional time to have accurate numbers from our county. To have schools appropriately and equitably funded in the Foundation Aid Formula we must be as accurate with the final number as possible. Having even relatively "minor" miscalculations due to not having all the information in hand can cause tremendous troubles in the formula where we have a 60 mill deduct coupled with a cap of 12% in our growth.

We indicated that this was the first year that schools have even been in a scenario where our preliminary budget would only be able to be adjusted downward (this based on the prior guidance by the tax office). We came into this meeting asking that schools be recognized as had been in the past whereby they could amend their budgets according to NDCC 57-15-13.

As we worked through the details, we concluded that the law is silent on schools in section 40 and that it is in the best interest of schools to continue to operate via the guidelines in section 57 of tax code indicating that our preliminary budgets are due on August 10th, however, we do have until October 10th to amend those budgets (up or down) as locally assessments become available. NDCEL sent guidance out to the districts, and the Tax office also sent out guidance after this meeting to the auditors. Furthermore, it was agreed that we'd circle back this past fall and discuss how it went. Despite the guidance many districts still experience difficulty with their auditors, forcing them to push their budgets higher to provide possible cushion to protect the budget as assessments rolled in. Because of the continued difficulty with this interpretation, the next approach was to clarify the law so there was no question and it would make it clear for all auditors. Hence the language change you see in the bill today. The sole purpose for the



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language change is to not change legal or legislative intent. Its purpose is to make the language in code very clear so that it is very clear and easy for county auditors to correctly enact the law. Again – this adjustments helps to more accurately reflect years of intent and practice. We thank you for your time and encourage a DO PASS of SB2255.



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The conflict in law is below.

57-15-13. School district tax levies. School district taxes must be levied by the governing body of each school district on or before the tenth day of August of each year. The governing body of the school district may amend its tax levy and budget for the current fiscal year on or before the tenth day of October of each year but the certification must be filed with the county auditor within the time limitations under section 57-15-31.1. Taxes for school district purposes must be based upon an itemized budget statement which must show the complete expenditure program of the district for the current fiscal year and the sources of the revenue from which it is to be financed. The school board of each public school district, in levying taxes, is limited by the amount necessary to be raised for the purpose of meeting the appropriations included in the school budget of the current fiscal year, and the sum necessary to be provided as an interim fund, together with a tax sufficient in amount to pay the interest on the bonded debt of the district and to provide a sinking fund to pay and discharge the principal thereof at maturity.

57-15-31.1. Deadline date for amending budgets and certifying taxes. No taxing district may certify any taxes or amend its current budget and no county auditor may accept a certification of taxes or amended budget after the tenth day of October of each year if such certification or amendment results in a change in the amount of tax levied. The current budget, except for property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared.

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40-40-08. Hearing of protests and objections - Changes in preliminary budget – Preparation of final budget - Contents. The governing body shall meet at the time and place specified in the notice set pursuant to section 40 - 40 - 06 and shall hear any and all protests or objections to the items or amounts set forth in the preliminary budget statement. At the hearing, the governing body shall make any changes in the items or amounts shown on the preliminary budget statement as it may deem advisable except as limited in this chapter, and shall prepare the final budget, which must consist of the preliminary budget with the addition of columns showing:

The final appropriations for the various expenditure items specified in the preliminary budget statement. The final appropriation of any fund total may not exceed the total amount requested in the preliminary budget.

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3-11-19
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**Testimony in Support of SB 2255
ND House of Representatives
Finance and Taxation Committee
March 11, 2019
By: Mike Bitz
(701) 391-8664**



Chairman Headland and Members of the House Finance & Taxation Committee,

My name is Mike Bitz and I am the superintendent of the Mandan School District. I appreciate the opportunity to appear before you this morning to speak in support of SB 2255. I will be brief.

SB 2255 was introduced to clarify what is already in practice. School districts have always been able to “increase or decrease” their mill levy after they submit their preliminary budget in August. Other political subdivisions like cities and counties do not have the ability to increase their mill levy request once they have submitted their preliminary budget, but school districts are unique, and they need this flexibility for two reasons.

First, the ND Legislature has passed a school funding formula which requires a minimum local effort of 60 mills or a 12% increase in dollars over the previous year’s general fund levy, whichever is less. Because local taxable valuations are not yet finalized by August 10th school districts need the ability to amend their mill levy request in response to changes in the taxable valuation. Without this ability school district could potentially forfeit dollars they are entitled to under the foundation aid formula.

Secondly, when cities and counties submit their preliminary budget in August and final budget in October, they are setting this budget for a fiscal year that begins on January 1st, three months in the

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future. The fiscal year for all school district begins on July 1st. When school districts submit its preliminary budget on August 10th, they are already almost a month and a half into their fiscal year.

When the final budget is submitted for school districts on October 10th over a quarter of their fiscal year has passed. If there is a change in taxable valuation between August and October, school districts need the ability to adjust their mill levy in response to their change. State law dictates that teachers have continuing contract rights and need to be notified in April if they are not going to be employed in the upcoming year. Without the ability to reduce staff in response to a change in taxable valuation, having an option for school districts to amend their revenue request is vital.

In closing, I want to let the committee know that the Mandan School District has never increased their mill levy request after we submitted our preliminary budget. We realize how poorly that would go over with our patrons. School districts raising their mill levy request after they submit a preliminary budget is a rare occurrence. However, this flexibility is needed because of the unique circumstances related to school funding.

I thank you for the opportunity to appear before you today and I urge the committee to give SB255 a unanimous DO PASS recommendation. I would be happy to try to answer any questions you may have.