

FISCAL NOTE
Requested by Legislative Council
01/07/2019

Bill/Resolution No.: SB 2160

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

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$37,338,374			
Appropriations						

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties			
Cities			
School Districts		\$37,338,374	
Townships			

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

SB 2160 affects how much money is deducted from the foundation aid formula for revenue received by a school district in lieu of property taxes.

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

Section 1 changes the amount of the in lieu of property tax revenue deduction from either 75% or 100% depending on the revenue category to either 75% or 100% of apportioned revenue. Apportioned revenue for the purposes of this subdivision is the percentage of mills levied for the general fund relative to total mills levied by the school district.

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

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

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

SB 2160 will increase expenditures in the integrated formula payment line by \$37,338,374.

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

Name: Adam Tescher

Agency: Department of Public Instruction

Telephone: 7013283291

Date Prepared: 01/11/2019

School District Payments In-lieu of Property Taxes

		Mill Levy						
County District Number	School District	In Lieu Revenue	Deducted From Formula Current	Deducted From Formula SB 2160	One Year Estimated Cost		GF Levy	Total Levy
01-013	Hettinger 13	303,956	240,845	170,785	70,060	71%	66.50	93.78
02-002	Valley City 2	148,582	140,216	101,344	38,872	72%	70.00	96.85
02-007	Barnes County North 7	281,249	221,185	191,278	29,906	86%	63.32	73.22
02-046	Litchville-Marion 46	27,314	23,830	23,233	596	97%	61.96	63.55
03-005	Minnewaukan 5	46,940	37,584	36,478	1,105	97%	57.42	59.16
03-006	Leeds 6	24,278	22,610	18,003	4,607	80%	68.15	85.59
03-009	Maddock 9	28,706	26,466	19,858	6,608	75%	68.76	91.64
03-016	Oberon 16	7,744	7,454	7,076	379	95%	60.91	64.17
03-029	Warwick 29	15,287	13,984	13,984	-	100%	69.87	69.87
03-030	Ft Totten 30	14,517	13,736	4,909	8,827	36%	62.64	175.26
04-001	Billings Co 1	1,890,100	1,422,880	1,422,880	-	100%	56.32	56.32
05-001	Bottineau 1	788,044	591,057	495,619	95,438	84%	59.98	71.53
05-017	Westhope 17	147,311	110,483	57,397	53,087	52%	58.20	112.03
05-054	Newburg-United 54	69,534	52,186	45,666	6,520	88%	54.07	61.79
06-001	Bowman Co 1	1,764,585	1,331,244	1,097,869	233,376	82%	70.00	84.88
06-033	Scranton 33	331,091	251,273	190,264	61,010	76%	66.80	88.22
07-014	Bowbells 14	382,713	289,079	261,412	27,666	90%	58.96	65.20
07-027	Powers Lake 27	902,733	680,805	368,033	312,772	54%	61.67	114.08
07-036	Burke Central 36	544,619	412,102	324,618	87,484	79%	61.67	78.29
08-001	Bismarck 1	2,731,062	2,430,993	1,637,505	793,488	67%	70.00	103.92
08-025	Naughton 25	2,622	2,287	1,712	575	75%	50.16	67.02
08-028	Wing 28	51,880	40,151	32,656	7,495	81%	60.00	73.77
08-033	Menoken 33	15,593	13,194	13,194	-	100%	55.26	55.26
08-035	Sterling 35	24,075	21,863	19,541	2,322	89%	48.73	54.52
08-039	Apple Creek 39	21,933	20,281	10,157	10,124	50%	56.33	112.48
08-045	Manning 45	13,988	13,405	6,340	7,065	47%	70.00	148.00
09-001	Fargo 1	2,563,585	2,406,494	1,979,468	427,027	82%	126.78	154.13
09-002	Kindred 2	120,649	107,920	63,729	44,191	59%	67.16	113.73
09-004	Maple Valley 4	73,426	67,866	57,930	9,935	85%	69.91	81.90
09-006	West Fargo 6	1,382,102	1,160,564	493,511	667,053	43%	54.97	129.27
09-007	Mapleton 7	23,689	22,430	8,055	14,375	36%	47.46	132.16
09-017	Central Cass 17	225,587	197,290	124,538	72,752	63%	63.32	100.31
09-080	Page 80	26,737	23,849	21,197	2,652	89%	63.86	71.85
09-097	Northern Cass 97	89,218	79,096	54,271	24,825	69%	70.00	102.02
10-019	Munich 19	11,380	10,837	9,521	1,316	88%	57.88	65.88
10-023	Langdon Area 23	54,636	52,428	46,327	6,100	88%	66.98	75.80
11-040	Ellendale 40	55,976	51,756	37,224	14,532	72%	68.75	95.59
11-041	Oakes 41	61,203	56,997	44,201	12,796	78%	61.97	79.91
12-001	Divide County 1	1,992,141	1,502,049	885,845	616,204	59%	54.24	91.97
13-016	Killdeer 16	2,601,871	1,958,683	1,589,955	368,728	81%	43.12	53.12
13-019	Halliday 19	147,338	111,994	95,852	16,142	86%	54.63	63.83
13-037	Twin Buttes 37	138,366	103,909	103,909	-	100%	0.00	0.00
14-002	New Rockford-Sheyenne 2	59,637	54,802	44,101	10,701	80%	68.99	85.73
15-006	Hazelton-Moffit-Braddock 6	28,962	24,369	23,584	785	97%	63.39	65.50
15-010	Bakker 10	5,009	3,961	3,961	-	100%	41.99	41.99
15-015	Strasburg 15	49,165	38,972	23,871	15,102	61%	58.09	94.84
15-036	Linton 36	41,515	38,306	38,306	-	100%	54.56	54.56
16-049	Carrington 49	86,854	79,923	40,983	38,940	51%	69.23	135.01
17-003	Beach 3	609,829	467,088	467,088	-	100%	45.07	45.07
17-006	Lone Tree 6	82,219	63,365	36,054	27,311	57%	38.72	68.05
18-001	Grand Forks 1	4,677,061	3,664,712	2,634,859	1,029,853	72%	70.00	97.36
18-044	Larimore 44	124,105	108,941	77,910	31,031	72%	70.00	97.88

School District Payments In-lieu of Property Taxes

		Mill Levy						
County District Number	School District	In Lieu Revenue	Deducted From Formula Current	Deducted From Formula SB 2160	One Year Estimated Cost		GF Levy	Total Levy
18-061	Thompson 61	137,485	112,061	76,172	35,890	68%	59.83	88.02
18-125	Manvel 125	41,649	39,157	23,535	15,621	60%	61.32	102.02
18-127	Emerado 127	40,970	40,097	19,766	20,331	49%	69.99	141.98
18-128	Midway 128	58,314	54,091	40,520	13,571	75%	65.69	87.69
18-129	Northwood 129	39,815	36,363	23,116	13,247	64%	60.57	95.28
19-018	Roosevelt 18	23,859	22,909	19,796	3,113	86%	69.70	80.66
19-049	Elgin-New Leipzig 49	47,119	45,483	38,827	6,656	85%	70.00	82.00
20-007	Midkota 7	39,039	35,968	35,968	-	100%	70.00	70.00
20-018	Griggs County Central 18	93,622	79,452	53,739	25,713	68%	66.46	98.26
21-001	Mott-Regent 1	46,477	43,594	26,911	16,683	62%	65.01	105.31
21-009	New England 9	529,360	405,099	325,585	79,514	80%	61.42	76.42
22-001	Kidder County 1	125,192	110,607	88,994	21,613	80%	69.71	86.64
23-003	Edgeley 3	33,930	31,098	20,929	10,169	67%	69.67	103.52
23-007	Kulm 7	27,805	24,760	15,187	9,573	61%	67.60	110.21
23-008	LaMoure 8	38,498	34,840	29,590	5,250	85%	69.21	81.49
24-002	Napoleon 2	27,411	24,914	22,590	2,324	91%	58.70	64.74
24-056	Gackle-Streeter 56	34,863	31,432	26,450	4,982	84%	68.96	81.95
25-001	Velva 1	181,683	145,956	91,223	54,734	63%	59.35	94.96
25-014	Anamoose 14	29,778	27,270	25,578	1,692	94%	45.64	48.66
25-057	Drake 57	99,029	77,922	75,088	2,834	96%	42.66	44.27
25-060	TGU 60	168,024	140,493	96,908	43,585	69%	69.66	100.99
26-004	Zeeland 4	25,716	21,184	19,491	1,693	92%	69.87	75.94
26-009	Ashley 9	32,176	30,131	25,907	4,224	86%	63.97	74.40
26-019	Wishek 19	157,456	127,478	119,241	8,237	94%	63.84	68.25
27-001	McKenzie Co 1	5,283,908	3,990,461	2,196,466	1,793,995	55%	30.78	55.92
27-002	Alexander 2	1,392,724	1,060,277	544,229	516,048	51%	45.77	89.17
27-014	Yellowstone 14	267,369	201,598	128,372	73,226	64%	29.82	46.83
27-018	Earl 18	20,259	15,297	6,567	8,730	43%	5.01	11.67
27-032	Horse Creek 32	70,506	53,148	35,048	18,100	66%	15.82	23.99
27-036	Mandaree 36	522,478	392,382	84,924	307,458	22%	1.08	4.99
28-001	Wilton 1	209,170	166,283	134,571	31,712	81%	65.35	80.75
28-004	Washburn 4	302,172	233,473	211,905	21,568	91%	56.20	61.92
28-008	Underwood 8	257,458	208,873	153,609	55,264	74%	62.04	84.36
28-050	Max 50	131,578	103,363	85,375	17,988	83%	66.40	80.39
28-051	Garrison 51	422,541	329,018	220,955	108,064	67%	61.34	91.34
28-072	Turtle Lake-Mercer 72	196,907	153,828	108,646	45,182	71%	50.93	72.11
28-085	White Shield 85	126,885	96,624	96,624	-	100%	53.35	53.35
29-003	Hazen 3	916,816	698,427	446,365	252,061	64%	39.26	61.43
29-027	Beulah 27	1,231,702	942,435	707,931	234,504	75%	54.46	72.50
30-001	Mandan 1	1,044,344	900,293	502,601	397,692	56%	57.49	102.98
30-004	Little Heart 4	6,465	5,806	4,977	829	86%	39.81	46.44
30-013	Hebron 13	177,260	136,357	111,783	24,574	82%	67.46	82.29
30-017	Sweet Briar 17	1,453	1,394	1,152	242	83%	37.36	45.22
30-039	Flasher 39	68,576	57,669	27,459	30,210	48%	58.01	121.83
30-048	Glen Ullin 48	202,771	158,315	151,815	6,499	96%	63.77	66.50
30-049	New Salem-Almont 49	354,305	272,584	210,131	62,453	77%	51.58	66.91
31-001	New Town 1	4,643,677	3,490,409	2,517,956	972,452	72%	27.55	38.19
31-002	Stanley 2	1,089,419	836,052	638,312	197,741	76%	52.52	68.79
31-003	Parshall 3	393,590	301,257	301,257	-	100%	69.15	69.15
32-001	Dakota Prairie 1	105,714	92,441	89,870	2,571	97%	68.86	70.83
32-066	Lakota 66	43,731	39,041	30,679	8,362	79%	70.00	89.08
33-001	Center-Stanton 1	457,097	352,364	329,386	22,978	93%	62.07	66.40

School District Payments In-lieu of Property Taxes

		Mill Levy						
County District Number	School District	In Lieu Revenue	Deducted From Formula Current	Deducted From Formula SB 2160	One Year Estimated Cost		GF Levy	Total Levy
34-006	Cavalier 6	130,877	110,719	75,652	35,067	68%	69.79	102.14
34-019	Drayton 19	40,015	34,030	23,128	10,901	68%	85.50	125.80
34-043	St Thomas 43	21,346	20,403	17,885	2,517	88%	84.90	96.85
34-100	North Border 100	81,040	74,900	69,284	5,615	93%	60.83	65.76
34-118	Valley-Edinburg 118	51,323	43,868	36,715	7,153	84%	66.73	79.73
35-001	Wolford 1	10,608	9,846	7,255	2,591	74%	70.00	95.00
35-005	Rugby 5	153,107	143,064	84,618	58,447	59%	70.00	118.35
36-001	Devils Lake 1	282,039	254,212	189,468	64,744	75%	70.00	93.92
36-002	Edmore 2	87,580	70,982	56,657	14,325	80%	84.84	106.29
36-044	Starkweather 44	13,890	13,126	10,489	2,637	80%	67.61	84.61
37-006	Ft Ransom 6	2,976	2,974	2,093	881	70%	47.68	67.76
37-019	Lisbon 19	39,360	39,360	24,431	14,930	62%	59.27	95.49
37-024	Enderlin Area 24	70,501	67,479	57,372	10,107	85%	65.28	76.78
38-001	Mohall-Lansford-Sherwood 1	406,341	316,243	275,040	41,203	87%	62.08	71.38
38-026	Glenburn 26	325,939	265,644	177,087	88,556	67%	70.37	105.56
39-008	Hankinson 8	133,120	128,510	82,528	45,982	64%	67.00	104.33
39-018	Fairmount 18	24,476	22,721	17,288	5,433	76%	70.00	92.00
39-028	Lidgerwood 28	32,996	31,232	19,866	11,366	64%	69.76	109.67
39-037	Wahpeton 37	277,613	259,013	122,235	136,778	47%	63.96	135.53
39-042	Wyndmere 42	26,450	24,641	20,963	3,679	85%	69.35	81.52
39-044	Richland 44	37,204	33,063	16,437	16,626	50%	60.00	120.69
40-001	Dunseith 1	32,938	29,947	21,955	7,993	73%	65.87	89.85
40-003	St John 3	198,578	154,849	121,011	33,838	78%	69.95	89.51
40-004	Mt Pleasant 4	463,983	356,920	257,291	99,629	72%	69.96	97.05
40-007	Belcourt 7	-	-	-	-	0%	-	-
40-029	Rolette 29	35,735	30,952	20,637	10,316	67%	70.04	105.05
41-002	Milnor 2	25,821	22,683	14,326	8,357	63%	60.00	95.00
41-003	North Sargent 3	51,583	49,093	39,148	9,945	80%	58.10	72.86
41-006	Sargent Central 6	57,944	50,620	32,350	18,270	64%	69.73	109.11
42-016	Goodrich 16	21,234	20,147	18,234	1,913	91%	53.67	59.30
42-019	McClusky 19	34,713	31,304	25,728	5,576	82%	59.98	72.98
43-003	Solen 3	30,718	24,153	24,153	-	100%	52.10	52.10
43-004	Ft Yates 4	13,040	9,901	9,901	-	100%	63.02	63.02
43-008	Selfridge 8	6,210	4,832	4,166	667	86%	47.67	55.30
44-012	Marmarth 12	83,318	62,805	37,046	25,759	59%	43.39	73.56
44-032	Central Elem 32	55,310	41,855	41,474	382	99%	22.82	23.03
45-001	Dickinson 1	2,808,673	2,144,571	1,357,593	786,978	63%	66.95	105.76
45-009	South Heart 9	822,598	618,398	318,334	300,065	51%	39.38	76.50
45-013	Belfield 13	578,187	434,625	257,624	177,001	59%	44.64	75.31
45-034	Richardton-Taylor 34	901,174	678,698	344,267	334,431	51%	70.00	138.00
46-010	Hope 10	45,418	37,797	32,031	5,767	85%	48.88	57.68
46-019	Finley-Sharon 19	33,211	30,102	24,790	5,312	82%	70.00	85.00
47-001	Jamestown 1	423,112	373,504	260,332	113,172	70%	69.01	99.01
47-003	Medina 3	44,396	38,272	29,554	8,718	77%	67.80	87.80
47-010	Pingree-Buchanan 10	73,183	58,684	44,645	14,039	76%	69.96	91.96
47-014	Montpelier 14	11,800	9,730	9,190	540	94%	69.24	73.31
47-019	Kensal 19	35,521	28,112	25,712	2,401	91%	53.55	58.55
48-010	North Star 10	22,581	21,784	20,574	1,210	94%	60.00	63.53
49-003	Central Valley 3	90,478	74,090	71,045	3,045	96%	69.99	72.99
49-007	Hatton Eielson 7	37,737	35,503	25,462	10,041	72%	60.00	83.66
49-009	Hillsboro 9	115,186	96,752	75,770	20,982	78%	65.00	83.00
49-014	May-Port CG 14	86,985	79,095	59,126	19,969	75%	65.14	87.14

School District Payments In-lieu of Property Taxes

Mill Levy

County District Number	School District	In Lieu Revenue	Deducted From Formula Current	Deducted From Formula SB 2160	One Year Estimated Cost		GF Levy	Total Levy
50-003	Grafton 3	139,854	134,209	61,742	72,467	46%	66.20	143.90
50-005	Fordville-Lankin 5	15,102	13,575	12,263	1,312	90%	70.00	77.49
50-008	Park River Area 8	88,991	83,551	43,307	40,244	52%	61.35	118.36
50-020	Minto 20	28,866	26,198	11,620	14,579	44%	62.21	140.26
51-001	Minot 1	7,133,543	5,536,295	3,487,791	2,048,504	63%	69.96	111.05
51-004	Nedrose 4	75,329	71,793	25,450	46,343	35%	52.90	149.23
51-007	United 7	128,079	111,145	80,027	31,117	72%	68.23	94.76
51-016	Sawyer 16	38,806	35,778	22,766	13,012	64%	69.06	108.53
51-028	Kenmare 28	173,335	136,611	91,727	44,884	67%	69.79	103.94
51-041	Surrey 41	67,170	58,613	39,419	19,194	67%	71.45	106.24
51-070	South Prairie 70	124,261	113,636	57,940	55,696	51%	70.00	137.29
51-161	Lewis and Clark 161	237,750	188,579	103,466	85,113	55%	69.06	125.87
52-025	Fessenden-Bowdon 25	15,940	14,223	11,945	2,277	84%	62.94	74.94
52-038	Harvey 38	91,567	87,044	75,281	11,763	86%	62.27	72.00
53-001	Williston 1	5,088,970	3,865,992	2,485,591	1,380,401	64%	80.02	124.46
53-002	Nesson 2	691,893	520,967	263,121	257,846	51%	36.91	73.08
53-006	Eight Mile 6	493,299	372,186	211,541	160,645	57%	28.97	50.97
53-008	New 8	1,386,092	1,049,608	730,896	318,712	70%	38.55	55.36
53-015	Tioga 15	1,312,692	990,649	672,812	317,838	68%	32.43	47.75
53-099	Grenora 99	564,181	425,033	207,131	217,902	49%	60.00	123.12
Grand Total		75,318,745	59,373,120	42,101,861	18,669,187			

Estimated Biennium Cost

37,338,374

2019 SENATE EDUCATION

SB 2160

2019 SENATE STANDING COMMITTEE MINUTES

Education Committee
Sheyenne River Room, State Capitol

SB 2160
1/15/2019
30835

- Subcommittee
 Conference Committee

Committee Clerk Signature: Lynn Wolf/ Pam Dever

Explanation or reason for introduction of bill/resolution:

Relating to state foundation aid payments to school districts.

Minutes:

Att #1-Sen Rust; Att #2-#3-Rep M Nelson;Att #4-Steve Holen; Att #5-Tom Kalil; Att #6- Donnell Preskey

Chair Schaible: Let's open SB 2160.

Sen Rust, Dist 2: I am here to introduce SB 2160. (see att#1) (.45-4.53) I looked at the fiscal note last night and I was shocked. Maybe I did not get the intent in this bill. I may need to amend to get the intent. (9.10)

Chair Schaible: This in lieu of money, and why were the percentage put on that?

Sen Rust: Yes, I do. (9.29) This goes back to early 2000's. We were imputing dollars and you were only hurt if you got over 150% of the state wide costs. Otherwise you could have all the imputed dollars you want. It did not hurt you. With the governor's commission, equity adequacy came a new funding formula that had subtractions in. So if you impute dollars and if you did not go over the 150%, now subtraction is real money out of your pockets. (10.37) I recall this is exactly what happened. When the Association of Oil & Gas Producers asked about subtracting those dollars, we said 'no'. After them leaning on us a long time, we decided to give up 50%. They split the difference and took 75%. I asked Superintendent Stremik why that was done. He said it was tolerable. Tolerable is what gets votes. I think they went to 75% because if they would have gone with 100%, it would not have passed and the funding formula would not exist. It was a compromise.

Chair Schaible: That compromise came we need to be clear we are talking about the in lieu of category which two are at 100%, so all is deducted.

Sen Rust: As this formula developed with Gov. Dalrymple, he said these should be included, too, if we are talking about equity and adequacy; these should be included. Since we want to go to 100% anyway, we will put those at 100%. That is what happened and I was in the room. (12.07)

Chair Schaible: It was about those that had and those that did not. There were two lawsuits and it was about rich districts and poor districts and this also the ones that had not the deduct category. In theory, this was to produce equity and adequacy across contributions from other category including tuition county flood, electric, etc. (12.48)

Sen Rust: But there was nothing scientific, but a compromise.

Chair Schaible: That is what we came up with to be fair. If we change this and go with what you propose, our funding formula is based on contribution from local and state, combination of both. If we change this and the 75% and 100% is deducted, which goes back to the state's share, that goes into the state pot that is distributed to everyone else. By this bill, we are taking some of that and giving to a few and taking from everybody.

Sen Rust: I like to think of it as you will treat us right for a change. (13.50) You are right. Any time you mess with the formula, it has a bearing on the whole. When you spread that out over a large number of school districts, it is not as much.

Chair Schaible: You are just doing it on the general fund not on the other categories?

Sen Rust: Yes, it is the general fund that educates the students. The other funds are for buildings, pay off bonds, etc.

Chair Schaible: Would you say that boards would have the opportunity to adjust that as they want? Would superintendents have the ability to raise that to get more money out of in lieu of? (14.43)

Sen Rust: As you move the general fund down in mills you end up having a lesser percentage that is subtracted.

Chair Schaible: But you would get more out of the in lieu of portion of that.

Sen Rust: You are talking about the same thing, just different angle.

Chair Schaible: You will get more money than you had before.

Sen Rust: Yes, this does produce more money. When you go to individual districts, it is different. Some will be higher and mill levee different. The 65% is not spread across the board but done on an individual school district. Each district general fund divided by their total fund is not the new percentage of subtraction. (16.15)

Chair Schaible: Any more in support?

Sen Brad Bekkedahl, Dist. 1, Williston: I am here in support of SB2160. (16.45-) We will hear lots of bills before this committee until we get a fix to the formula. 98% of the school districts in North Dakota are off formula. I believe this is more than half. We continue to tweak around the edges of a formula that is 2007 discussed and 2012 initiated. There are stresses in the system are not being addressed. My community wants results. We have to show effort as legislators. We look to you for help. My school district is 16 square miles and is the smallest

geographic in the state. We have 4500 students. Most of our increase in tax base in Williston went to the rural school district that surrounds us. We don't move city boundaries. You have to go through annexation process on each parcel. The rural gained about \$100 million in industrial and commercial property tax valuation. The city of Williston has lost their property tax base by 12% one year. I can't remember what percentage the other year. Now the district that has 1500 plus square miles surrounding one district has a higher tax base than the city district does. 500 students compared to 4500 students. That is an equity issue, but there are ways to change that, but probably won't happen. I was involved in the boards the same time Sen Rust was, I remember the meetings with Gov. Dalryple and Mark LaMere, West Fargo, and Sen Flakol. There was an attempt to make some consistency in policy. I appreciate that but I suggest there needs to be a big enough fiscal note to take care of the need state wide. Some of the money from the oil producing counties made that happen. I cautioned my superintendent, who wanted to give 100% of the mineral oil royalties to the equity formula, to be careful of what you do here. In times of stress, we need that revenue source to take care of our impact needs. We had not always had the oil impact funds to do that. We don't have them now. That was our resource to come back when the oil fields ramped up and we got more revenue and able to address school issues, crowding issues, teacher issues and salary issues. The medium salary in my county is over \$90,000.00/year compared to Fargo at \$50,000.00/year. (20.57) I suggest we stop tweaking around the edges. We have a dozen bills coming from my district to try and make an impact. This is not the way to legislate. This bill here does part of it. Please DO PASS.

Chair Schaible: You said that 70% plus are not on formula. How many kids is that? I understand your land lock situation. Do we have to tweak the whole formula?

Sen Bekkedahl: I would be open to that. We have no option for growth. Thank you.

Rep Marvin Nelson, Dist. 9, Rolla: I agree with the bill. (see att#2) I brought an amendment. (see att#3) (39.27 end)

Chair Schaible: More in favor?

Steve Holen, Superintendent of McKenzie County Public School Dist.#1, Watford City: I am here in support of SB2160. (see att#4) (40.20-43.24) Any questions?

Tom Kalil, Vice Pres. of the Williston Public Schools Board, Dist #1: Here also present is Joanna Baltas, Superintendent Dr. Jeffrey Thake, and Business Manager Jodi Germundson. We are here to support this bill. (see att#5) (44.38-47.12)

Sen Rust: We set up hub cities and also hub city schools. Is there a misconception out there that you have a lot of money?

Tom: Yes, absolutely. That is because of the 75% subtraction. We don't have long term funding. We got 17 new student last Monday, we will not see any money for them until next year. We are continually in a short fall situation.

Sen Rust: We will see in another bill that Williston hub city gets \$5 million. Sounds like lots of dollars, but in actuality, you will get \$1.25 million. (48.40)

Sen Davison: Does your school board have the ability to go to taxpayer and get a mill levee increase?

Tom: We are maxed out.

Sen Rust: You just tried to pass a bond.

Tom: Yes, we had a bond referendum to raise \$60 million in building funds and increase our building mill by 10 mills. They failed by 34 votes and 50 votes respectively. Heartbreaking. We set it up for another election on April 9. (50.35) 2345 people voted.

Chair Schaible: Any agency testimony? Any against?

Amy DeKok, Legal Counsel for North Dakota School Boards Assoc.: We are opposed. This is a hard issue. The formula does not work for all districts, however, NDSBA opposes this bill only to the extent that it would benefit some school districts at the expense of others. We oppose the changes to the formula because they may decrease the total amount of state funds available for all school districts. We feel this bill will create winners and losers. (52.44)

Donnell Preskey, North Dakota Association of Counties; Ex. Dir of North Dakota Auditors and Treasurers: (see Att#6) We are only concerned with one section. In subsection 6. (she said she forgot some information so will e-mail the chair) County auditors suggested amending the language to require DPI get information directly and not from county. This is an additional reporting requirement that is a burden on auditors and not county related. We want that language removed from the bill. (55.21)

Chair Schaible: Any more opposition? Seeing none the hearing is closed.

2019 SENATE STANDING COMMITTEE MINUTES

Education Committee
Sheyenne River Room, State Capitol

SB 2160
1/16/2019
30921

- Subcommittee
- Conference Committee

Committee Clerk Signature Lynn Wolf

Explanation or reason for introduction of bill/resolution:

A bill relating to state foundation aid payments to school districts.

Minutes:

Chairman Schaible: Committee, we are going to look at SB 2160.

Adam Teshar, Director of School Finance and Organization, Department of Public Instruction:

Chairman Schaible: You were here for testimony for SB 2160 and Representative Nelson? Could you explain the impact money – tribal or communities like that and BIA monies and also the phantom land that he was talking about?

Adam Teshar: In his testimony he Federal money to supliment, not supplant local money. Currently, for our air base school districts, they are a school district so they can receive impact aid. That is really the sole reason they are still a school district. They don't actually educate students, they tution all their kids to the public school district – either Grand Forks or Minot depending on what base they are at. They are required to pay tuition to those school districts for sending kids there because those kids are not residents of those school districts. In our current funding formula, tuition is recognized as in lieu of property tax. I believe the reason that was brought in, when tuition is paid to another district, it almost symbolizes property tax, following a student to the new school district. Thus, they felt that should be then deducted because they are still getting the \$9,946 per student as the funding formula is today. That tuition those school districts are receiving from those air force bases 75 percent is being deducted from their funding formula. As for the phantom land Representative Nelson referred to, we do have a minimum local effort. That is calculated by taking the taxable evaluation per student – right now it is around \$40,000 per student. We take 20 percent of that or approximately \$8,000 per student and multiply it times the number of students those districts have and that becomes the base for their foundation aid payment and how we deduct the sixth mills. We impute that taxable valuation for them and deduct 60 mills from that to figure out what their contribution from property tax is. It affects only the very low property tax school districts as Representative Nelson said they were mostly reservation school districts.

Chairman Schaible: So, the \$40,000 is the average valuation divided by the number of students – is that how you come up with that?

Adam Teshler: Yes, that is correct.

Chairman Schaible: The 20 percent came from where? Is that what was determined to be the right factor?

Adam Teshler: I believe so, I wasn't around at that time. I know Representative Nelson mentioned they tried to do 40 percent at one time and was brought down to 20 percent. That was the first time I heard of that conversation.

Chairman Schaible: Representative Nelson is saying that is the disparity between the funding for that purpose. That doesn't account for the BIA money they get. Is that imputed also?

Adam Teshler: We don't factor any Federal funds into our formula. I believe he believes that imputed taxable valuation is accounting for that Federal revenue. If that was the intent behind it, I am not 100% sure.

(4:33) **Chairman Schaible:** When we look at the cost per student, what a district pays, they are still paying a lot of money per student. That money has to come from somewhere.

Adam Teshler: Are you referring to the cost of education for those students?

Chairman Schaible: Yes.

Adam Teshler: There are some districts that are higher/lower, they are all over the board.

Chairman Schaible: I am not saying he was wrong or that it is incorrect, but, just looking at one piece of the pie you are not comparing to the whole pie. When you look at equity, you have to look at the whole picture. That's the things we are trying to fix with that.

Senator Davison: Is that an original part of the formula in 2013? Was that minimum value of land part of it or was it added on later? Are they considered on the formula or not on the formula if you are having the phantom land thing?

Adam Teshler: When I refer to "on the formula" or "off the formula" I look more at the transition minimums and maximums then their percentage of taxable valuation if they are on the 60 mills. I would not refer to it as being on or off the formula – even though technically, they would be off the formula because... I guess I don't know if it would be on or off the formula, however, getting to on and off the formula with these school districts, many of these districts-reservation districts are actually below our \$9,646 per student. How that came into effect is when the formula was implemented in that 2013 year, we looked back at how much those school districts received in property taxes, mill levy reduction grants, state levy and we set their baseline. And what they were getting at that baseline per student. Now many of our reservation districts were drastically under the \$8500 was the first year's payment. What they didn't want to do was bring everybody up to the \$8500 and also bring everyone down to the

\$8500, so they put in these baseline funding adjustments – transition maximums and minimums, as they are so often referred to that many of our reservation districts are on that transition maximum meaning they can't get over a certain amount. Through the first two bienniums of our current formula, just so you have some history of this, school districts that are on the formula, getting the baseline payment, they were getting 3% raises each of the four years of the formula, or through the first two bienniums. School districts that were above the \$9646 were getting 2% raises, so they are getting a smaller raise with the theory that they would eventually get on to the formula. Districts that were below the \$9646 were getting 10% raise each year – they were at 140% of what their baseline funding was per student from the 2012-13 year. The current biennium – the fifth and sixth years of the formula as we know it, there were no raises – everyone was held harmless whether you were on the formula or off the formula.

(9:13) **Chairman Schaible:** Do you have the numbers of how many schools are on the formula?

Adam Teshler: Currently, we have 13 school districts that would be below the formula, 86 districts that are above the formula – however, there is a caveat that we have one school district is able to get on both because they have lost so many students that they get on that transition minimum, but they are still per student is under the \$9646. Their transition would probably be the transition minimum because they are capped at that total dollar of how much money they get.

Chairman Schaible: We have a protection up and down, so you are talking both directions. The maximum protects schools from making too much from the formula. Is that correct?

Adam Teshler: Yes, I believe the maximum was put in because if the districts were able to operate at \$4000 or \$5000 per student before, and we brought in this new formula, why would they need the \$8500 all the sudden with nothing in education changing other than the formula.

Chairman Schaible: I make it a presumption then that it is because of our protections from minimums and valuation increases why we have so many schools that are not on the formula. The biggest thing right now is that we created protections for schools from going down too fast. It is one of the biggest rationales on why our schools are not on formula. We protected them from declining enrollment and depleting so much money. We also need to have the discussion of how much protection is realistic. Do we hold them harmless at a 2012-13 level forever? That's why we see discussions on transition maximum/minimums coming up in other bills.

Senator Davison: I am not being critical of who developed the formula and how it is going, it is just that I think we need to be proactive in recognizing the direction we are headed with the formula and try to keep some balance there.

Senator Rust: I am looking at Belcourt's payment. They get a \$6 million deduct because of the transition formula. I presume that is what Representative Nelson is talking about. When you look at their baseline funding and you look at their rate and the 140, anyway, there's a for the 2018-19 there's about a \$6,097,338.61 that gets subtracted out of their payment. They

have no contribution from property taxes, too. I presume that is what he was talking about – Belcourt getting hit real hard. I suppose if I were Belcourt and I got a \$6 million deduct because of a formula, I would be complaining, but on the other side of the coin I'd say ya, but you don't have any deduct for property taxes like every other school district does, too. There are two sides to that coin in a bit, but I understand them.

Chairman Schaible: Kind of like those schools that figure the in lieu of isn't fair either.

Senator Rust: Well they are right.

Senator Davison: You will always have a few outliers, but I feel a greater percent need to be on the formula.

Senator Oban: Adam, did you see the language in the amendment that Representative Nelson presented?

Adam Teshler: I have not seen it yet.

Senator Oban: I am curious if when I read it to you if you think it even accomplishes based on the feedback you have given us so far what he was trying to accomplish. In it, it says: The superintendent of public instruction may not consider tuition revenue related to Federal impact aid. I thought what I heard you say earlier that you don't do that, but maybe I am misunderstanding what you are talking about.

Adam Teshler: I believe that the tuition that is generated from the air force base to pay Minot and Grand Forks school districts – while it is just tuition as I see it, that money was originally generated because of impact aid to the air force base districts. I believe that would then be considered the Federal money that his intent is to omit. I am not sure if the language does precisely does that, but I believe that is the intent. Also, some of our reservation districts might not offer full K12 services so they may have to pay tuition to another district to educate some of their students. In that case, if they are using Federal funds to pay that tuition, that might have to be omitted with that language. I don't know how we would distinguish at this point whether that tuition was paid with Federal or state and local funds.

(15:46) **Senator Oban:** He also included language later in the amendment – “The amount of Federal impact included in a district's unobligated general fund balance must be calculated based on the proportion of Federal impact aid received for the school year relative to the total revenue received for the school year.

(16:10) **Adam Teshler:** In just hearing that, when a school district receives impact aid, that money is deposited into their general fund. When I calculate their ending fund balance offset, they can only have so much money in their ending fund balance, that is included in that calculation. If they spend it, it increases their expenditures and also increases the amount they can withhold as their ending fund balance. I believe that language was intended to just use our state and local funds in calculating that ending fund balance. I don't know exactly how we would accomplish that because we don't track all expenditures by state and local particularly impact aid which is designed to replace property tax. My understanding is that those are truly unrestricted revenues for those school districts.

Senator Davison: So if I am hearing you right, we can't let them keep the money because then they are getting paid twice for the same thing by the Federal government and state government.

Adam Teshler: I am not brushed up on my law for what impact aid can and cannot be used for.

Senator Davison: If the schools at the minimum were put on the formula, was there an additional dollar amount that would be saved because they would have lower dollars? Were you comfortable with the \$47 million dollars?

Adam Teshler: I did bring my report, so I do have the exact numbers today. Districts that are on the transition minimum – these are the ones above the formula – for one year – the 2018-19 school year it is costing the state \$47.5 million. For districts that are on that transition maximum-meaning that they are below the formula it is saving the state \$12.2 million dollars.

Chairman Schaible: I am assuming that that's the part that Representative Nelson is talking about.

Adam Teshler: That is part of what he was referring to that these districts not getting the full \$9646 per student as well as the phantom land he was referring to.

Chairman Schaible: I know there is a bill coming up with a 5% deduct on that, so if 5% of the \$47 million is what the state would save then?

Adam Teshler: I have to look at that bill. I believe the 5% deduct was only referring to the districts that were on the total transition minimum and not the per pupil transition minimum. It wouldn't affect all 86 of these districts. It would only affect the 20 districts that are on the transition minimum meaning they can't fall below the dollar amount. Again, I haven't gone through the whole bill and read it word to word.

(20:10) **Chairman Schaible:** Maybe you want to explain the two minimums – the student one and the total one.

Adam Teshler: There two transition minimum thresholds that a school district can fall in. Again, I will be referring back to the 20012-13 years as that is our baseline year. We took all the money that is accounted for in the formula – state aid money, property tax, in lieu of tax money, at the time there was a mill levy reduction grant - and we determined how much that school district got in all those categories. For argument sake, let's say that district A got \$10 million in the 2012-13 year. There is a provision in law that says that no matter how many student loses; they can never fall below \$10 million in their formula. Also, let's say that \$10 million equated to a \$12,000 per student (we took the number of students they had, divided that \$10 million by the number of students and came up with \$12,000 per student). Districts will also then also be held harmless to receiving that \$12,000 per student. Now that \$12,000 is where I came up with those 2% raise each of the first four years of our current formula. So, that 12% is actually increased roughly 8% since that baseline has come into play. Those

school districts that are on the transition minimum could be on either of those hold harmless situations.

Chairman Schaible: Thank you.

Adam Teshar: I do believe there are roughly 20 school districts that are on that total dollar amount hold harmless.

Chairman Schaible: So I will need an amendment then?

Adam Teshar: I will need to revisit that bill to verify exactly how it reads.

Chairman Schaible: Other questions.

Senator Rust: Could Adam prepare an equity report that listed those schools.

Adam Teshar: I have one here or I can send it to you electronically.

Chairman Schaible: Please send it to us electronically. Committee, that's all we are going to do for today.

2019 SENATE STANDING COMMITTEE MINUTES

Education Committee
Sheyenne River Room, State Capitol

SB 2160
1/29/2019
31637

- Subcommittee
 Conference Committee

Committee Clerk Signature Lynn Wolf

Explanation or reason for introduction of bill/resolution:

A bill relating to state foundation aid payments to school districts.

Minutes:

Att. #1-Rust

Chairman Schaible: Senator Rust has an amendment to the bill -19.0392.01003.

Senator Rust: See Attachment #1. He explains the bill.

Chairman Schaible: Will this increase the fiscal note?

Senator Rust: No, it will decrease the fiscal note – considerably.

Chairman Schaible: By how much?

Senator Rust: I had Adam show me that, but I don't think I got the printout.

Chairman Schaible: We are talking the in lieu of section. You are saying the 60 mills portion...

Senator Rust: The general fund portion, so if for instance, you have a total of 100 mills and you have the 60 mills you are supposed to be levying, then the apportioned amount would be 60% that would be subtracted up.

Chairman Schaible: Ok, what if you are not at 60 mills?

Senator Rust: Then it would be if you are at 55, it would be 55 hundredths.

Chairman Schaible: Ok so you are – in our example at 100 mills, 60 is being for general purposes. 60 mills would be deducted from all the in lieu of? So, 60% of all your in lieu of would be deducted at 0%.

Senator Rust: You would subtract out 60% of the in lieu of.

Chairman Schaible: Which means, they would get to keep 100% -

Senator Rust: No, they would get to keep 40%.

Chairman Schaible: 40% of the 100%.

Senator Rust: 40% would not be subtracted out.

Chairman Schaible: So they are getting 100% benefit of that 40%.

Senator Rust: I'd guess saying it that way, yes.

Chairman Schaible: Otherwise, we either deduct 75% of it out or 100% of it out. For this percentage which is 60 in this example, they'd get to keep all of that.

Senator Rust: Again, what happened what happens is you take all of the in lieu of and it's 60% let's say – 60% would be subtracted out at 100%.

Chairman Schaible: Subtracted out meaning –

Senator Rust: Just like on the formula. On formula, we now have 75% and 100% subtractions.

Chairman Schaible: So the school doesn't get any of that.

Senator Rust: The school gets none of that. That gets subtracted out. They would get the 40% that would not. Right now, under our current formula, all of in lieu of money is assumed to be general fund. And it isn't.

Chairman Schaible: So, in the sincareo you have here 100% of the total school's mill levy tax. 100% of that. If their general fund portion is 60% -

Senator Rust: That total 60% would be subtracted out.

Chairman Schaible: Right so they take full advantage of all of the in lieu at 40% in this example. So out of the nine categories they keep 100% of that just for the mill levies that are not general fund.

Senator Rust: Yes. Because that is what happens in your property taxes now. I mean when you pay your property taxes, what happens right now is that if you have 60 mills of general fund – that's subtracted out, but that other 40% does not get subtracted at all. When you look at property taxes, in the formula, the formula subtracts out 60 mills. So, if you are levying 100 mills, 40 is not being subtracted out right now. So why don't you treat in lieu of the same as property taxes, when it is in lieu of property taxes.

Chairman Schaible: Getting back to the amendment, what's the difference between the amendment and the bill. How was the bill before the amendment?

Senator Rust: The bill only subtracted out 75% of those in section f. Which is where most of the dollars are of those nine categories-most of it is in section f. In fact, gross production tax

is probably the most one. And same with flood monies – those get to be really big dollars. Ok. The current bill as written only subtracts out 75%, the amendment subtracts out 100% of that same – of those categories. You are subtracting out more dollars, so, the school district gets less and the state gets more so to speak.

Chairman Schaible: Does everybody understand the amendment?

Senator Davison: I'll wait to have Senator Oban explain it to us in the discussion.

Chairman Schaible: Committee, what I think I will do with this is have it put in a Christmas Tree version. I think Senator Rust and I will come up with a couple of examples of different schools and how this will affect that. I think we'll try to do that this afternoon. Just so everybody understands how this works, I think I finally figured it out. But I will work with Senator Rust

Senator Rust: While we are ... we might want to take one that has been talking to us about their issues. This is a bill to kind of help out the Williston's and the Dickinson's that are having issues with trying to pay for buildings. Get a load of this, think about it. Here is what we did for hub cities, we said we really understand that you guys have a severe problem. We really understand that. So we'll give you to begin with \$5 million to take care of that. Wow! This is really going to help us with meeting our issues and then the formula subtracts out 75% of that. The formula subtracts out the next year \$3.5 million so, you didn't give them \$5 million for this hub city, you gave them \$1.5 million. You really didn't help them all that much. You helped them some, but not all that much.

Chairman Schaible: Ok, since we are talking that portion, I'd like, if that's ok with the committee,

Senator Marcellais: There are a couple of other amendments in there are you going to consider those also? Senator Nelson presented one, and a Adam. I know (muffled) presented on for subsection 6. Are those going to be considered, too?

Chairman Schaible: We certainly can consider them. They are not part of my amendment.

Senator Marcellais: What I am asking is we should not just consider your amendment.

Chairman Schaible: I will see if we can get kind of a slicing sheet for that. I have to find the auditors one, which I should have. I found that one so, but and since this is kind of the same topic, I would like you to turn to 2161.

2019 SENATE STANDING COMMITTEE MINUTES

Education Committee
Sheyenne River Room, State Capitol

SB 2160
1/29/2019
31714

- Subcommittee
 Conference Committee

Committee Clerk Signature: Lynn Wolf

Explanation or reason for introduction of bill/resolution:

A bill relating to state foundation aid payments to school districts.

Minutes:

Att. # 1-Schaible

Chairman Schaible: Let's look at SB 2160. First, Adam Tesher did some work for me on Senator Marvin Nelson's amendment. We'll look at that first. Doing some rough calculations of Senator Nelson's amendment would be to SB 2160, this has to do with eliminating transition maximum adjustments that would cost approximately \$24 million. Eliminating the minimum local effort, a contribution for tax would increase spending expenditures by \$2.7 million. So, they would keep \$24 million and get an additional \$2.7 million. Department of Public Instruction does not currently collect ending fund balances from source of funding funds and would have no fiscal impact to the formula if Department of Public Instruction would not project districts to have districts to have ending fund balances of set. So, currently, asking for that request we would have no way of that currently. We would need a new process to implement that if we wanted to collect that data. Department of Public Instruction could not collect the sources of funding to assume – it also assumes two air force bases directly would pay the tuition they owe from federal funds. Other distribution sources for tuition could not be determined at this time. What they are looking at, there is no way to determine that, but, their tuition is actually just like everybody else's tuition. The air force base gets the per pupil payment and then their tuition they can account for – if I am saying this right – they would get 25% of what they collect. It is imputed exactly like everybody else's tuition is. In 2017-18, Grand Forks collected \$2.8 million in tuition, Minot collected \$5.7 million. Currently, 75% of this revenue is deducted – just like everybody else's tuition. What he is asking for is quite a bit of additional funding. He talked about phantom acres, he talked about some of these other things and looking at the cost of this stuff, I would have to say that first of all I don't see a reason to impute tuition when nobody else's tuition is imputed. Some of these maximums and minimums are protections and we are looking at some of that in the K12 funding bill, but to exempt them from that, is pretty much giving too much of the state funding to the local entity which asking for that, but I think would be important and not a bad solution for students that are across these federal air force bases or even across state lines is that we study that or we add that to our study categories that we should look at. I think it is quite a bit of questionable area. I have some ideas to look at some tuitions for out of state and some of these – Williston issue. I don't think studying these is a bad option. Also, what you received

is this excel sheet of what the bill originally did and reserves it would take changing the in lieu formula to what Senator Rust was implying by his bill. This shows you the cost going – what that would do to every district in the state. **See Att. #1.** This bill, correct me if I am wrong, creates some winners and some losers.

Senator Rust: It is the third to the last column – essentially, what it does, the winners are those that have a general fund to total fund ratio of below 75%. If you have a ratio that is above 75%, you end up lose it, so to say. The cost is about \$15 million. Somebody asked, where does that money come from? The money comes from the integrated formula itself. You will have to decrease something by that amount of money or infuse \$15 million into the program.

Chairman Schaible: Senator Rust, one question, it does show \$15 million where the costs to the state are transferred from the state, but since there are losers in here, that figure would probably be somewhat higher also.

Senator Rust: No, that is in the \$15 million. See it might be something like, say –

Chairman Schaible: What's the total cost?

Senator Rust: The total cost has the losers subtracted out.

Chairman Schaible: Right, but what I am saying is, because there are some losers, the effect to some schools would be higher. Some schools are getting quite a bit more and I guess it shows how much they are getting then – or the difference of what they are getting.

Senator Rust: Maybe just a couple of things about it is, on the negative side, it does open the door for manipulations. As I have said, if your general fund to total fund ratio is below 75%, you are a winner. If it is above 75%, you are a loser, so if you are a loser, you move dollars – that you normally have levying in the general fund – you reduce the general fund and you increase things like the miscellaneous fund or the building fund, so you can kind of manipulate which also has an effect on the cost, too. You have a school like Williston that would benefit about \$1.2 million. Dickinson had about \$715,000 for the biennium. It shows Williston about \$600,000. It does make a difference for schools like Fargo and West Fargo because Fargo actually gain about \$300,000 and West Fargo would actually gain close to \$575,000. As I said, the net effect is a \$15 million dollar cost you would have to infuse new money or decrease – so I asked Adam Teshar what do you think? He said if you are going to take it from the state foundation aid, you probably have to decrease it by about 60-70 dollars a year per student to make up that \$15 million. If you had enough kids, you would make it up (muffled).

Chairman Schaible: Winners and losers. I guess I brought this up before, but if we are going to do a special caveat for in lieu of, it should target specific problems without being able to manipulate so you can't transfer from mill levies from general fund to special funds and take advantage of a system. I hate to keep coming back to that, but that is why I kind of like the sinking and interest fund. That is only credited to debt and it has been voted on, so it is pretty hard to manipulate that one. Other discussion.

Senator Davison: I appreciate Senator Rust's efforts on this and I understand the problem he is trying to solve. Fargo does benefit from this, but there is a point where there is some responsibility to the overall – all schools that are part of the formula and staying true to that, so I mean, Fargo's numbers are good, that wouldn't mean that I would support this. This just has a negative effect on too many school districts and we really haven't – I don't feel like I could support something like this

because of the differences it makes in some schools. Billings county, how many students do they have? You know, it is a half a million dollars for them. They can't have a hundred students, can they?

Senator Rust: Billings County is one of those that could manipulate the formula because they just put everything in their general fund.

Senator Davison: But again, to Senator Schaible's point, we just don't want that. If we are ready to **act on it, I move a Do Not Pass on SB 2160.**

Senator Oban: Second.

Chairman Schaible: Other discussion.

Senator Davison: I do believe there is a challenge with Williston. I would hope through the next two to three months that we try to identify some way within our abilities of those that are really good with the numbers to try to figure something out. I just don't think it is 2160.

Chairman Schaible: Clerk take the roll.

Roll Count taken; Yeas 6; Nays 1; Absent 0.

Senator Schaible will carry the bill.

REPORT OF STANDING COMMITTEE

SB 2160: Education Committee (Sen. Schaible, Chairman) recommends DO NOT PASS
(6 YEAS, 1 NAYS, 0 ABSENT AND NOT VOTING). SB 2160 was placed on the
Eleventh order on the calendar.

2019 TESTIMONY

SB 2160

SB 2160
1-15-19
Att. #1
Pl of 4

Mr. Chairman and Members of the Senate Education Committee:

I'm David Rust, Senator from District 2, and I'm here to introduce SB 2160.

When I pay my property taxes, the county distributes those dollars (along with the property taxes of others) to the various political subdivisions. To school districts, they send the dollars along with an itemized breakdown of the amounts that go into the various levied funds--General, Tuition, Miscellaneous, Special Reserve, Building, and Sinking and Interest.

The school aid funding formula deducts from a school district's payment 60 mills of property taxes (or 112% of the previous year's property taxes). There are, however, property taxes that are not deducted from the formula, such as: If a district levies over 60 mills for its General Fund (those property tax dollars generated from the excess of 60 mills are not deducted), Special Reserve, Building, and S & I property taxes are not deducted as well.

In the 2017-2018 school year, the statewide average General Fund levy was 65.86 mills; the total of all levies was 97.97. Again, only 60 mills are subtracted from the formula or about 60%.

In addition to 60 mills of property taxes subtracted from the per pupil payment, the school funding formula also subtracts 75% or 100% of what is termed "other local revenue." Those are essentially "in-lieu-of" property tax dollars—County (GPT), Flood, Electric Distribution and Transmission, Electric Generation, Mobile Home, Telecommunications (to name a few).

All but two school districts in the state of ND receive “in-lieu-of” **property** tax dollars. In 2017-18 a total of over \$57 million of in-lieu-of dollars were subtracted from payments; that figure does include tuition received, but that is a small portion of the total.

For example in the 2018-2019 school year the Bismarck Public Schools has \$2.4 million subtracted; Fargo, \$2.4 million subtracted; Watford City, nearly \$4 million; Tioga nearly \$1 million.

If those dollars are indeed “dollars in-lieu-of property taxes,” they should be treated the same as property taxes (go proportionally into the various levied funds and then subtract only the General Fund portion).

That is essentially what this bill does.

The bill as drafted in Section 1, 1., f-g streamlines the wording of the 75% revenues and the 100% revenues received by the school district, and clarifies which year is the baseline funding year (2012-13).

The bill in Paragraph 4, subsection b. then subtracts out of the funding formula only the General Fund’s proportional share—defining it as “apportioned revenue.” For example, if a district were levying 60 mills for the General Fund and had a total levy of 100 mills, the “apportioned revenue” would equate to 60% of in-lieu-of dollars being subtracted.

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Paragraph 6. requires each county auditor to report to the DPI each year the amount of revenue received along with the total mill levy and the general fund levy so the proper subtraction in the funding formula can be done. This is especially needed for oil and gas taxes as those are distributed by the State Treasurer.

I will try to answer any questions you may have about the bill. Individuals following me will give you additional information on how this change will affect their funding.

School District 54-001

Contribution from other	Total Revenue	Gen Fund Levy	Total Levy	Deduction	Current "Percent"	Current Deduction
Tuition	\$30,000	65.00	100.00	\$19,500	0.75	\$22,500
County	\$500,000	65.00	100.00	\$325,000	0.75	\$375,000
US Flood	\$150,000	65.00	100.00	\$97,500	0.75	\$112,500
Electric Generation	\$70,000	65.00	100.00	\$45,500	0.75	\$52,500
Mobile Home	\$80,000	65.00	100.00	\$52,000	1.00	\$80,000
Telecommunications	\$20,000	65.00	100.00	\$13,000	1.00	\$20,000
Other Local Revenue				\$552,500		
	\$850,000	65.00	100.00	\$552,500		\$662,500

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Rep. Marvin Nelson

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Chairman Schaible, members of the Senate Education Committee.

I am here today to talk to you about some problems in our school funding formula.

I have several schools in my district which receive a significant amount of federal funds due to federally connected students. In my district these are Native Americans, but this problem is not just a Native American one.

While there are several different federal funding sources, the federal monies share a common thing. They are to be used to supplement, not supplant (replace) state funds. The largest amount of the funds I am speaking of today are federal impact aid so a little bit about that.

Many local school districts across the United States include within their boundaries parcels of land that are owned by the Federal Government or that have been removed from the local tax rolls by the Federal Government, including Indian lands. These school districts face special challenges — they must provide a quality education to the children living on the Indian and other Federal lands and meet the requirements of the Every Student Succeeds Act, while sometimes operating with less local revenue than is available to other school districts, because the Federal property is exempt from local property taxes.

Since 1950, Congress has provided financial assistance to these local school districts through the Impact Aid Program. Impact Aid was designed to assist local school districts that have lost property tax revenue due to the presence of tax-exempt Federal property, or that have experienced increased expenditures due to the enrollment of federally connected children, including children living on Indian lands. The Impact Aid law (now Title VII of the Elementary and Secondary Education Act of 1965 (ESEA)) provides assistance to local school districts with concentrations of children residing on Indian lands, military bases, low-rent housing properties, or other Federal properties and, to a lesser extent, concentrations of children who have parents in the uniformed services or employed on eligible Federal properties who do not live on Federal property.

Over 93 percent of the \$1.3 billion appropriated for FY 2016 is targeted for payment to school districts based on an annual count of federally connected school children. Slightly more than 5 percent assists school districts that have lost significant local assessed value due to the acquisition of property by the Federal Government since 1938. More than \$17 million is available for formula construction grants. I didn't distinguish between the different types in my presentation, there is some land but the majority is due to the children.

The Impact Aid law (now Title VII of the Elementary and Secondary Education Act of 1965) has been amended numerous times since its inception in 1950. The program continues, however, to support local school districts with concentrations of children who reside on Indian lands, military bases, low-rent housing properties, and other Federal properties, or have parents in the uniformed services or employed on eligible Federal properties. The law refers to local school districts as local educational agencies, or LEAs.

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Schools that receive significant impact aid in ND are the Air Base School districts at Minot and Grand Forks, or schools with a significant number of Native Americans.

The problem is that these dependent schools through the funding formula of the state experience a maximum cap which holds back state monies to which they would otherwise be entitled and holds back money for property tax base which they do not have. In addition to taking back tuition dollars paid with the federal funds. I believe the pattern in North Dakota really is that Federal Impact Aid often supplants state money instead of supplementing state money. When I ask questions I am told they, meaning the schools with federally connected students, don't need the state monies, but how does one reach that conclusion without considering the federal supplemental monies, funds which are not supposed to be considered.

I do not say the state looks directly in the formula at the amount of Federal Impact Aid a school gets and then holds back state funding. What happens is more based on the same criteria as Federal Impact Aid is given, that is it is given because with the federally connected students there is no corresponding tax base, little real estate to pay the property tax that has been used to fund education. What happens is that the property tax is used in setting the base funding for a school district but the federal funding to replace it is not, and then the state pulls back money based on low property value. I think the last is what most clearly shows that the districts of extreme property poverty, which are the districts with the most federally connected students, are targeted by the funding formula.

This is really a double hit for those school districts first when the state moved to its current formula in 2013 it used 2012 state and local funding as the base and then capped the percentage amount the school could receive over the base. So federal monies of any kind were not counted in the base, while the property tax and the property tax relief funding the state was doing in 2012 were counted. This resulted in a high base for schools with real estate to tax and a very low base funding numbers for the schools dependent on receiving Federal aid. In addition to having a low base, schools have a deduction applied to them for 20% of the average taxable valuation in the state, but only if they are below the 20% level. So first they have a low base, then the state deducts taxes they don't receive from property they don't have and only from the schools with very low tax bases, the federally connected schools.

There are schools which do not receive federal impact aid which are also hurt by this same thing because they receive other federal funding. Bureau of Indian Education funding and Title 1 funding is treated the same as Federal Impact Aid. One school which receives, significant impact aid, Belcourt, also receives many other federal funds so it illustrates that. It receives a lot of Bureau of Indian Education funding. So, though it received \$321,992 of impact aid in 2016, the maximum cap in the state funding formula held back \$6,083,187 because all the federal funding is treated similarly, like it never existed when establishing base funding, and Belcourt has the lowest taxable valuation per student in the state at only \$525 about 1 1/3 percent of the average taxable valuation per student. So literally no property tax went into setting the base funding level.

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To give an idea of the overall effect. Of schools receiving federal impact aid in 2016, of a total of \$24,784,814 received by ND schools in 2016 as impact aid, those schools had a total of \$17,527,071 held back ultimately from them by the state formula to educate their students. To be clear, if they received no federal money, the same amount of formula state aid would be withheld except for the Air Force Bases.

We really have two separate ways state money is withheld from the schools educating federally connected students and I will explain the cases separately.

The Air Base schools and the schools with very low taxable value per weighted student average attendance are the two categories. I would note that that value includes the Air Base schools with a taxable valuation of zero, but how they are set up to provide education to their students is different and so where the formula affects those students is also different.

I will treat the Air Base schools separately and first.

A. AIR BASE SCHOOLS.

The situation with the Grand Forks Air Force Base (GFAFB) and Minot Air Force Base (MAFB) School districts is unique in ND and how the funds are handled is relatively straightforward. Both school districts do not educate their students directly but send their students to neighboring school districts. The majority of the GFAFB students go to Grand Forks Public Schools and the majority of MAFB go to Minot Public Schools.

For this the Air Base school districts pay tuition. The state then reduces state aid to the districts educating the students by 75% of the tuition paid. The agreements are for whatever impact aid the Air Base school districts receive less administration and operating balances.

MAFB is a blended component unit of the Minot Public School District. A legally separate entity which the Minot Public School District is financially responsible for. The same statement holds true for the GFAFB and Grand Forks.

The Air Base school districts receive zero in state funding directly because they do not have any enrolled students, though under the formula, their base is zero and thus they would receive nothing even if they did educate the students themselves. The Air Base schools then pay much of what they receive in impact aid, after spending some on administration and operations, to the public-school districts as tuition. While holding back some reserves, which changes the percentages year by year.

Because the payment is made as tuition, the state then withholds 75% of the tuition paid to the school districts from the state aid the districts receive. The net effect is that much of the federal impact aid is used to replace state aid, typically about half of the total federal impact aid given for the Air Base students.

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The question would be does the single step of turning the federal impact aid into tuition mean that the state can then figure the impact aid into its funding for the education of the Air Base students, or does that supplanting of state monies violate federal rules/law?

B. SCHOOLS WITH LOW TAXABLE VALUATIONS. (Tribally Connected)

For this I will largely use the Background memorandum on Elementary and Secondary Education State Aid and Funding Formula Study currently used this interim by the Education Finance Committee of the State Legislature.

SB2200 in 2007 represents a significant starting point. (Bottom page 11) It actually featured an additional equity payment for schools with lower than average per student taxable valuations. Section 22 page 14.

The bill also included a reduction based on ending fund balance which evidently affected some school or schools received federal impact aid. It is Section 26 on page 16.

This was corrected in the following legislative session with a refund found in Section 57 page 34 of HB1400. It is one of the few historical specific mentions of Federal Impact Aid.

Also in 2007, property tax relief started in a significant way. The important thing was that by 2012, the base year for the current funding, property tax relief was 1/3 as much as state aid, mill levy reduction grants were figured into the base funding for the current formula. This contributed to those schools with little tax base having a lower base funding figure which affects them to this day.

The push for property tax relief is really where the state formula is most related to Federal Impact Aid. Federal Impact Aid is targeted towards school districts which have federally connected students and often no corresponding property tax base to pay for the education.

In 2013, a big change was made to school funding in North Dakota.

I obtained a spreadsheet from Mr. Eric Hill in the federal impact aid office of the schools in North Dakota receiving federal impact aid since and including 2012. This is attached and forms the foundation for my spreadsheets. The other important data source is the six year comparison on the ND Dept. of Public Instruction website. <https://www.nd.gov/dpi/uploads/146/201319Actual.pdf>

When I sorted the schools by property valuation per weighted student average, something very striking becomes evident. There are nine of the schools, all with the lowest property valuations, which still are having significant funds withheld because even with the formula allowing the maximum cap to go up by a percentage, starting at 110% in 2013 and increasing to 120% in 2014, 130% in 2015 and going and staying at 140% in 2016, 2017 and 2018, the schools still are having significant funds withheld and all those having funds withheld are below the formula number for state and local financing per weighted

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student average, even with the state creating a tax base for some of them on paper that doesn't exist in reality.

I am including two views of the same spreadsheet which I split so you can read them.

Explaining the columns. The first column is the number of the county. If you look at DPI information it almost always is arranged in order by county. The number tells you where to look. If you look at Department of Public Instruction reports. Then the school district names, followed by the taxable valuation per weighted student average. Then there are the alternating columns of Federal Impact Aid received, and then in red the amounts held back from the school which the formula would give them, except their base funding was so low. Much of the reason for that is that the Federal Impact Aid, indeed any federal monies are not counted in the base level of funding.

The other view just takes the 9 schools still hitting the maximum in the formula.

We see the computed mills. That is how many mills would need to be taxed to produce the 60 mill deduct the state takes. For instance Belcourt would have to tax a bit more than 1000 mills or in other words the state deducts a bit more than the total taxable valuation of the school district from their state funding. School taxes are capped at 60 mills unless there is a vote approving more.

Next are the amounts the state figures the local property should contribute followed by what 60 mills, the maximum would actually contribute. The difference is in column S.

Then comes is the formula amount the state figures the school receives from state and local but note that it uses the formula number in column Q. So column T is actually inflated, not a real figures. Note that the formula funding amount per weighted student average is \$9646 with the actual average being \$9897. If you look down the column you can see how the very low property schools compare starting with Belcourt only having a formula funding of \$6972. Remember though that funding includes the phantom money so the actual funding per WSU is shown in the last column for those nine schools. Note for instance that the first two, Belcourt and Fort Totten are about \$3500 per student less in funding other than federal than the average of the state.

I haven't gone through each school to see how much Bureau of Indian Education Funding it receives. I do know that Belcourt with the greatest amount of money held back is funded more by Bureau of Indian Education monies than Federal Impact Aid. This is reflected by your office considering them less dependent on Federal Impact Aid when you evaluate schools. Generally, in North Dakota Dept. of Public Instruction reports, all the federal monies are lumped together, they are treated the same as far as I know. Just with most schools that don't receive Federal Impact Aid, federal funding is a relatively small part of their income, the Bureau of Indian Education schools being the exception.

After the schools have millions held back for hitting the cap because federal funds were not counted in the base. Then the state pulls back more.

The state creates a phantom tax base equal to 20% of the state average taxable per student, and multiplies that by 60 mills and adds it into the school's funding as if it is real money if they have less than

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20% average valuation. This impacts the six lowest valuation schools. When this funding formula was created, the Department of Public Instruction originally tried to set it at 40% which would have impacted all nine Federal Impact schools still hitting the maximum formula cap. We fought that and it got reduced to 20, but what rational would specifically take money from the poorest schools for fictional taxes they don't receive?

This is what really shows the link to Federal Impact Aid. The very thought behind Federal Impact Aid is you have these federally connected students and a very poor tax base because the federal land is not taxable. The state targets those very schools with the very poorest tax base. Those with the most federally connected students.

The state goes directly to those with a very poor tax base and takes money away from them. While never mentioning the Federal Impact Aid, it goes directly against the very rational for the funding in the first place.

What reason can there be for taking away state money from schools with a very poor, indeed the poorest, property tax base, except the reasoning that they don't need it because they are going to get federal money? I can't think of one. To hold back money from the very poorest school districts would make no sense whatsoever if the federal money wasn't from the very start being considered, just never spoken of.

While not a direct dollar percentage taken like the tuition for the Air Bases is done, the effect overall is great. Many of the schools have more held back than they get in Federal Impact Aid, but very few schools that do not receive Federal Impact Aid are affected at all.

There are only 4 other school districts other than those receiving federal impact aid which still hit the funding cap and have money held back.

They are:

1. White shield, a Bureau of Indian Education funded school on Fort Berthold Reservation
2. Mandaree, also a Bureau of Indian Education funded school on Fort Berthold Reservation
3. Manvel a school without a High School just north of GFAPB, I really don't know why they still hit the formula maximum. I talked to the business manager but she didn't understand it herself.
4. Earl 18 a very unusual school district having a very high taxable valuation and a weighted student average of about 4 total the last few years with a huge amount of taxable valuation per student.

So even with those four schools two are receiving federal funds that are supposed to supplement, not supplant state funding, but it is not the impact aid program.

I should mention that impact aid is subject to sequestration. School districts have had 8% or so depending on the year held back. When one tax bill was passed the sequestration rate was 100% for about a week before Congress exempted that bill. I would note that the state formula does not replace a single sequestered dollar.

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Conclusion: The state holds money back from the school districts that are the poorest in property and the ability to tax property. These same school districts are very dependent on federal funds, knowing that, they get back to about the same level of funding per student, but they do not have money for building projects or other acceptable uses of the federal money.

I believe it would be relatively easy to fix the formula going forward. Removing the maximum cap completely would only affect a couple of school districts not receiving a major portion of their funding from federal sources.

In addition, the claw back for not having 20% of the average taxable valuation really must go.

And then one other concern is that the schools should be allowed to have a significant fund of these federal monies so that they can build or repair facilities or do other things proper things and not be put in the situation of spend it right away or lose it. If the origin is federal funds there should not be a limit on carryover, because these are funds to build schools. There is 2007 impact aid grants but what we have seen is schools wait many years, if not decades for funding under that program.

The Air Base school funding could be fixed by not deducting for tuition when the source of the funds are federal.

I am available to answer any questions you may have.

Sincerely

Representative Marvin E. Nelson, District 9, North Dakota.

ND Applicants	Total Payment 2012	Total Payment 2013	Total Payment 2014	Total Payment 2015	Total Payment 2016	Total Payment 2017
Belcourt County Public School Board #7	329,682.43	252,306.13	360,220.73	331,387.35	321,992.29	269,405.97
Beulah Public School Dist. #27	1,066.00	1,066.00	1,136.09	1,113.40	1,002.97	1,066.00
Devils Lake School District #1	313,863.06	307,779.33	205,730.21	271,373.59	180,906.52	200,471.47
Dunseith School District #1	1,905,005.99	1,772,825.92	1,949,424.99	1,842,889.83	1,422,451.73	2,041,468.37
Eight Mile School District #6	16,604.61	13,119.86	2,309.09	0.00	0.00	0.00
Emerado Elementary School	22,309.99	38,990.36	12,913.04	12,572.52	15,653.78	12,651.01
Fort Totten School District #30	915,838.07	813,808.70	941,812.55	988,241.75	1,041,971.74	958,636.00
Fort Yates School District #4	1,204,242.25	1,082,943.47	1,237,807.98	1,062,952.80	930,141.05	858,135.32
Garrison School District #51	60,566.00	60,566.00	62,445.31	61,716.42	61,743.38	69,848.13
Glenburn School District #26	97,381.70	92,067.63	42,193.59	14,088.34	4,852.93	13,959.24
Grand Forks AFB School District #140	4,113,855.74	2,712,692.90	3,375,892.79	3,184,646.88	3,581,056.75	3,247,567.70
Hatton School District #7	3,483.36	0.00	0.00	0.00	0.00	0.00
Hazen Public School Dist. #3	7,658.18	6,755.97	7,736.08	7,654.35	7,634.62	7,482.00
Larimore School District #44	22,958.32	13,923.92	16,624.43	17,754.18	13,908.93	14,701.30
Minnewaukan Public School District	1,359,276.16	1,324,238.45	1,408,316.93	1,449,013.72	1,506,805.64	1,262,357.71
Minot AFB School District #160	7,175,358.78	7,229,682.07	8,227,059.22	7,950,088.80	7,729,905.19	7,007,145.44
Mt. Pleasant School District #4	39,464.42	27,540.03	13,997.28	10,973.58	12,384.49	23,739.19
New Town School District #1	1,991,351.31	1,755,749.94	1,774,853.47	1,797,079.66	2,174,766.82	2,038,313.91
Northwood Public School District #129	0.00	0.00	0.00	0.00	0.00	446.86
Oberon School District #16	241,104.86	252,453.79	279,548.21	296,064.23	254,456.79	269,327.01
Parshall School District	1,013,149.42	837,622.59	1,028,639.54	549,444.43	1,007,323.52	960,925.93
Rolette School District #29	24,875.29	16,742.56	21,725.05	24,151.57	38,634.16	0.00
Selfridge School District #8	380,076.79	330,044.32	401,587.07	415,755.20	482,385.06	472,669.24
Solen School District #3	1,140,152.32	1,140,473.19	1,129,042.80	1,011,492.19	1,009,667.67	1,105,526.19
St. John School District #3	1,643,635.03	1,409,734.85	1,576,041.28	1,602,584.57	1,538,890.12	1,739,273.09
Turtle Lake-Mercer School Dist. #72	4,040.23	3,595.00	4,049.71	4,031.40	4,031.97	3,984.00
Twin Buttes School District #37	121,535.62	98,636.59	13,580.25	17,412.28	56,316.50	21,351.72
Underwood School Dist. #8	26,849.32	25,463.53	26,713.86	26,240.63	26,148.71	25,185.00
Warwick School District #29	1,472,710.76	1,569,577.47	1,700,273.56	1,462,448.13	1,359,780.95	1,494,150.27
Total Payments	25,648,096.01	23,190,400.57	25,821,675.11	24,413,171.80	24,784,814.28	24,119,788.07

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county	ND Applicants	Actual Taxable Per WSU	2012 Federal Impact Aid	Max deduction 2013-14	2013 Federal Impact Aid	Max Deduction 2014-15	2014 Federal Impact Aid	Max Deduction 2015-16	2015 Federal Impact Aid	Max Deduction 2016-17	2016 Federal Impact Aid	Max Deduction 2017-18	2017 Federal Impact Aid	Max Deduction 2018-19 budget
40	Belcourt County Public School Board #7	525	329,682.43	7,281,012.00	252,306.13	7,040,083.00	360,387.35	6,441,025.00	331,387.35	6,020,832.00	321,992.29	6,082,187.00	269,405.97	6,182,013.00
3	Fort Totten School District #30	1,119	915,838.07	801,005.00	813,808.70	811,661.00	941,812.55	732,649.00	988,241.75	662,991.00	1,041,971.74	733,802.00	958,636.00	718,024.00
13	Twin Buttes School District #37	1,286	121,535.62	176,106.00	98,636.59	138,721.00	13,580.25	126,893.00	17,412.28	114,982.00	56,316.50	126,585.00	21,185.00	138,422.00
43	Fort Yates School District #30	5,019	1,204,242.25	1,032,904.00	1,082,943.47	1,10,427.00	1,237,807.98	1,102,768.00	1,062,952.80	909,053.00	930,141.05	908,887.00	858,135.32	934,727.00
40	St. John School District #3	5,420	1,643,635.03	1,230,360.00	1,409,734.85	1,126,907.00	1,576,041.28	1,003,316.00	1,602,584.57	913,960.00	1,538,890.12	874,488.00	1,739,273.09	886,144.00
40	Dunseith School District #6	5,750	1,905,005.99	1,941,133.00	1,772,825.92	1,829,090.00	1,949,424.99	1,726,766.00	1,842,889.83	1,646,469.00	1,422,451.73	1,684,180.00	2,041,468.37	1,709,572.00
43	Solen School District #3	9,653	1,140,152.32	444,046.00	1,140,473.19	325,398.00	1,129,042.80	234,745.00	1,011,492.19	170,959.00	1,009,667.67	188,749.00	960,925.93	209,477.00
3	Warwick School District #29	11,162	1,472,710.76	984,083.00	1,569,577.47	865,345.00	1,700,273.56	731,801.00	1,462,448.13	635,290.00	1,359,780.95	652,030.00	1,494,150.27	635,290.00
3	Minnewaukan Public School District #129	13,247	1,359,276.16	661,193.00	1,324,238.45	549,035.00	1,408,316.93	422,764.00	1,449,013.72	281,585.00	1,506,805.64	276,173.00	1,262,357.71	268,320.00
36	Devils Lake School District #1	22,820	313,863.06	0.00	307,779.33	0.00	205,730.21	0.00	271,373.59	0.00	180,906.52	0.00	200,471.47	0.00
29	Hazen Public School Dist. #3	25,922	7,658.18	0.00	6,755.97	0.00	7,736.08	0.00	7,654.35	0.00	7,634.62	0.00	7,482.00	0.00
53	Eight Mile School District #30	28,364 +		198,671.00	13,119.86	79,447.00	2,309.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00
38	Glenburn School District #26	34,137	97,381.70	0.00	92,067.63	0.00	42,193.59	0.00	14,088.34	0.00	4,852.93	0.00	13,959.24	0.00
40	Rolette School District #29	34,447	24,875.29	79,685.00	16,742.56	0.00	21,725.05	0.00	24,151.57	0.00	38,634.16	0.00	0.00	0.00
3	Oberson School District #16	35,290	241,104.86	47,380.00	252,453.79	18,828.00	279,548.21	0.00	296,064.23	0.00	254,456.79	0.00	269,327.01	0.00
43	Selfridge School District #8	35,530	380,076.79	85,083.00	330,044.32	20,348.00	401,587.07	0.00	415,755.20	0.00	482,385.06	0.00	472,669.24	0.00
29	Beulah Public School Dist. #27	36,695	1,006.00	0.00	1,066.00	0.00	1,136.09	0.00	1,113.40	0.00	1,002.97	0.00	1,066.00	0.00
31	New Town School District #1	37,903	1,991,351.31	0.00	1,755,749.94	0.00	1,774,853.47	0.00	1,797,079.66	0.00	2,174,766.82	0.00	2,038,313.91	0.00
18	Larimore School District #44	38,243	22,958.32	0.00	13,923.92	0.00	16,624.43	0.00	17,754.18	0.00	13,908.93	0.00	14,701.30	0.00
18	Northwood Public School District #129	39,725	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	446.86	0.00
18	Emerado Elementary School	44,444	22,309.99	0.00	38,990.36	0.00	12,913.04	0.00	12,572.52	0.00	15,653.78	0.00	12,651.01	0.00
49	Hattton School District #7	46,459	3,483.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
28	Garrison School District #51	53,849	60,566.00	0.00	60,566.00	0.00	62,445.31	0.00	61,716.42	0.00	61,743.38	0.00	69,848.13	0.00
40	Mt. Pleasant School District #4	55,619	39,464.42	0.00	27,540.03	0.00	13,997.28	0.00	10,973.58	0.00	12,384.49	0.00	23,739.19	0.00
31	Parshall School District	62,229	1,013,149.42	0.00	837,622.59	0.00	1,028,639.54	0.00	549,444.43	0.00	1,007,323.52	0.00	960,925.93	0.00
18	Underwood School District #8	67,313	26,849.00	0.00	25,463.53	0.00	26,713.86	0.00	26,240.63	0.00	26,148.71	0.00	25,185.00	0.00
28	Turtle Lake-Mercer School Dist. #72	71,180	4,040.23	0.00	3,595.00	0.00	4,049.71	0.00	4,031.40	0.00	4,031.97	0.00	3,984.00	0.00

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county	ND Applicants	Actual Taxable Per WSU	computed mills Impact Aid	Formula computed property tax	amount produced with 60 mills	Deduction for under 20% valuation	2017 state/local funding per WSU \$9646 for formula \$9897 avg.	2017 WSU	Additional Deduction from state/local per WSU
40	Belcourt County Public School Board #7	525	1,054.23	927,136.00	52,767.00	-874,369.00	6,872.00	2,192.80	\$398.75
3	Fort Totten School District #30	1,119	543.05	102,704.00	11,348.00	-91,356.00	6,772.00	230.70	\$395.99
13	Twin Buttes School District #37	1,286	435.50	22,969.00	3,164.00	-19,805.00	7,419.00	51.63	\$383.59
43	Fort Yates School District #30	5,019	131.90	135,715.00	61,738.00	-73,977.00	6,879.00	327.23	\$226.07
40	St. John School District #3	5,420	90.84	184,633.00	121,949.00	-62,684.00	7,643.00	436.67	\$143.55
40	Dunseith School District #6	5,750	109.64	307,038.00	168,025.00	-139,013.00	7,613.00	828.44	\$167.80
43	Solen School District #3	9,653	53.72	100,602.00	112,363.00	0.00	8,948.00	245.04	
3	Warwick School District #29	11,162	60.00	137,630.00	137,630.00	0.00	7,604.00	311.18	
3	Minnewaukan Public School District #129	13,247	60.00	202,685.00	202,685.00	0.00	8,832.00	346.01	

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PROPOSED AMENDMENTS TO SENATE BILL NO. 2160

- Page 1, line 1, replace "section" with "sections"
- Page 1, line 1, after "15.1-27-04.1" insert "and 15.1-27-35.3"
- Page 1, line 2, after "districts" insert "; and to repeal section 15.1-27-04.2 of the North Dakota Century Code, relating to state foundation aid minimum local effort"
- Page 3, line 9, overstrike "(1)"
- Page 3, line 11, overstrike "(a)" and insert immediately thereafter "(1)"
- Page 3, line 14, overstrike "(b)" and insert immediately thereafter "(2)"
- Page 3, overstrike lines 16 through 19
- Page 3, line 22, overstrike "(1)"
- Page 3, line 24, overstrike "(a)" and insert immediately thereafter "(1)"
- Page 3, line 27, overstrike "(b)" and insert immediately thereafter "(2)"
- Page 3, overstrike lines 29 and 30
- Page 4, overstrike lines 1 and 2
- Page 4, line 12, after the underscored period insert "In determining the deduction for tuition revenue listed in paragraph 3 of subdivision f of subsection 1, the superintendent of public instruction may not consider tuition revenue related to federal impact aid."
- Page 4, after line 30, insert:

"SECTION 2. AMENDMENT. Section 15.1-27-35.3 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-35.3. Payments to school districts - Unobligated general fund balance.

1. a. The superintendent of public instruction shall determine the amount of payments due a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of forty percent of its actual expenditures, plus twenty thousand dollars.
- b. Except as provided in subdivision c, beginning July 1, 2017, the superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of thirty-five percent of its actual expenditures, plus fifty thousand dollars.
- c. Beginning July 1, 2017, the superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund

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balance of the district on the preceding June thirtieth is in excess of thirty-five percent of its actual expenditures, plus one hundred thousand dollars if the school district is in a cooperative agreement with another school district to share academic resources, and the school districts are considering reorganization under chapter 15.1-12. An eligible school district may receive payments under this provision for a maximum of two years.

2. For purposes of this section, a district's unobligated general fund balance includes all moneys in the district's miscellaneous fund, as established under section 57-15-14.2.
3. For purposes of this section, the amount of federal impact aid moneys included in a district's unobligated general fund balance must be calculated based on the proportion of federal impact aid received for the school year relative to the total revenue received for the school year.

SECTION 3. REPEAL. Section 15.1-27-04.2 of the North Dakota Century Code is repealed."

Renumber accordingly

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HB 2160
Chairman Schiable
Senate Education Committee
January 15th, 2019

Good Morning. Chairman Schiable and members of the Senate Education Committee, for the record, my name is Steve Holen and I am superintendent of schools for the McKenzie County Public School District #1 in Watford City. I am here to testify in support of HB 2160.

HB 2160 addresses the concept of in lieu revenue and how these revenues are accounted for and addressed within the foundation aid formula. By definition, to be in lieu of something is to replace it or substitute for it. In lieu revenue is provided in place of revenue (property tax) that is not collected by a school district and is received in another form. The purpose of in lieu revenue is to replace lost property tax value and account for it and its initial purpose to support education services and all levels of operational needs. In theory, in lieu revenue is supposed to be treated in the same fashion as its intended property tax value and remain true to its definition and purpose as a educational funding source.

The foundation aide formula currently subtracts 75% of in lieu revenues (and some of them at 100% that includes mobile home and telecommunications taxes) from the total payments made to school districts and the rationale behind the subtraction has been debated since its conception in 2007 with the initial 60% imputation, followed by 70% and eventually the current 75% subtraction utilized today. The question of why 75% is subtracted and how this percentage was determined is somewhat unknown, however, the best explanation has been the fact the in lieu revenue is solely designated to the general fund and not the other funds levied by a school district. The remaining 25% must account for the fact the in lieu revenue can, or perhaps should, be used to support other school functions such as buildings and grounds, debt repayments, or other special and essential purposes. However, the incentive to use in lieu funds for purposes other than general operating is non-existent due to the current language and handling of in lieu revenue in the foundation aide formula. The foundation aide formula is designed to address student education and general operating expenses; its does not provide funding for any other level of services beyond the scope of the general fund and direct education of students. To apply any subtractions to other funds beyond the general fund is extending beyond the scope of the foundation aide formula and creating potential inequities in terms of impacts on other non-general fund levies and utilization.

The MCPSD #1 uses a significant portion of its gross production tax pledged against debt service payments; however, loses general fund and general operating capacity due to the subtraction of these funds and the assumption they are all being used for general fund purposes. One can even argue the in lieu revenue, due to its volatile

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nature, should be used for infrastructure and not general fund and ongoing expenses; however, the current system incentivizes the use of these funds for general operating expenses based on the subtraction occurring to all in lieu funds; regardless of the other levies that may be levied by the school district. In the end, the assumption the subtraction was only designed for the general fund and not other school district priorities related to infrastructure and debt capacity is simply difficult to comprehend.

The ability to distribute the in lieu revenue to all mill levies levied by the school district simply makes sense and upholds the initial definition and purpose for the "replacement" of local property taxes with in lieu revenues. This ensure the in lieu revenue is treated as closely to an actual property tax as possible and provides support for all levied areas and importantly; it allows for support of sinking and interest as well as building fund items that should be supported by the entities generating and providing the in lieu revenue to school districts. The opportunity to finally provide closure to this debate and to fully utilize the intent of this revenue is one that needs to be addressed with support of SB 2160. Whether it is gross production taxes, electronic transmission taxes, or telecommunication taxes; they all deserve to be treated the same way and to fulfill their mission in replacing the local property taxes and benefitting the school districts in the same way as a normal property tax paid by the local taxpayers.

In summary, the 75% subtraction for in lieu revenue used in the current foundation aide formula was not implemented based on facts or intent of the revenue itself - it was simply negotiated as a possible value. The subtraction percentage should accurately reflect the amount of dollars generated in property tax that goes toward general fund expenses compared to the other levied accounts. All school districts receive some level of in lieu revenue; it is time to treat his fairly and appropriately to avoid this revenue providing undue challenges to school districts already facing dramatic challenges in addressing the educational needs of its students.

Thank you for your time and consideration. I can answer any questions at this time.

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Senate Education Committee

To: Senator Donald Schaible
Senator Robert Fors
Senator Kyle Davison
Senator Jay Elkin
Senator Richard Marcellais
Senator Erin Oban
Senator David Rust

Tom Kalil
spolce

We are here to represent the community of Williston and Williston Public School District #1. My name is Joanna Baltes and I serve as School Board President. Also here is Tom Kalil, Vice President of the School Board, our Superintendent Dr. Jeffrey Thake, and our Business Manager Jodi Germundson.

Thank you Senators. Thank you for the opportunity to address the Education Committee as you consider SB 2160/2161. We are here today to testify in support of both bills and to provide details on the current plight of public school in Williston, North Dakota.

I am sure I don't have to detail the enormous growth that Williston has experienced in the past decade. Enrollment in K-12 schools in Williston has grown by 100% from 2185 in 2009 to 4386 today. Williston has been fortunate to invest in infrastructure that has improved the quality of life for Williston residents and has provided stability for the oil and gas industry. Major facility investments include over 28 miles of water main, 22 miles of new sewer, 33 miles of new street construction and renewal, new fire stations, a new water resource recovery facility, a water treatment plan expansion, improvements to City Hall and the Law Enforcement Center, and a new recreation facility. Arguably, schools have been impacted as much as any other category of infrastructure or social service in Williston, but our K-12 schools have not received the same type of financial benefit. Schools in our District have seen a massive influx of students over the past decade and for several years struggled with educating children who followed their parents' schedule of 2 weeks on and 1 week off in the oil field. Many of our teachers finish the school year with a completely different group of students that they started the year with. Although that trend has dissipated in the last three years, we continue to experience record annual growth.

Revenue generated in the Williston area through the oil & gas industry directly benefits residents across North Dakota. In fiscal year 2018, Williams County was responsible for contributing over 16% of the State's total oil and gas tax revenue collections. During the third quarter of 2018, Williston contributed \$430 million in sales tax revenue, second only to Fargo at \$671 million. Williston's sales tax revenue has increased 28.8% from the third quarter last year.

Williston needs to continue to provide excellent education for all children in our District for our entire community or we will not sustain our economic growth. We know that a major factor that influences whether companies will continue to expand production

in the Bakken is whether they can convince their employees and management teams to move their families to Williston. The perceived quality of education is one of the top three factors and our current school infrastructure does not paint a pretty picture. Our schools are overenrolled and aging and within two years of opening, our new high school is already overcapacity. No one in the State of North Dakota will benefit if oil and gas companies determine that other parts of the United States offer better infrastructure and more attractive options for their employees. As a growing city, Williston needs to be able to attract professionals and those who provide specialty services. We are aware of at least two specialty-health care providers who cited the current state of our overcrowded schools as the primary reason for declining employment in Williston.

Our District's 5 elementary schools were constructed between 1951 and 1983. They currently house our K-4 students and 120 Pre-Kindergarten special needs children. The K-4 buildings have a capacity of 1,580 students. We currently educate 1,821 K-4 students and 121 Pre-Kindergartners for a total of 1,942. Those buildings are now 23% over capacity. Without counting growth, we will be overcapacity by 27% for the 2019 school year for our K-4 population. None of our aging elementary schools are ADA compliant, and they are either too expensive to remodel or are in areas where we can't significantly increase the square footage for educational space. Accordingly, we have increasingly relied on modular classrooms. Overall our District educates 33% of our K-4 population in modular classrooms and for one lucky school that number rises to 83%. None of the elementary schools have increased common space despite the increase in modular so our gym, cafeteria, and kitchen spaces are grossly inadequate for the students they serve. At Wilkinson Elementary, our dedicated staff cooks lunch on the stage in the gym while students at McVay Elementary perform PE in modular classrooms. These are just two of the many examples of how our students and staff are impacted by our overcrowded facilities.

Providing quality education for children includes appropriate class sizes and facilities. Learning still occurs in large class sizes but we need to be concerned about overtaxing our teachers. The feedback I receive from departing staff is directly related to class size and conditions of our facilities. Our teachers are aware that our numbers continue to climb and that by 2020 almost all our class sizes will exceed 30 students and in many cases will be significantly higher.

Williston Public School District #1 is the smallest school district in North Dakota, covering just 16 square miles, but we have the 6th largest enrollment and are the second-fastest district in the State in terms of growth. We also have a neighboring K-8 district so over 90% of their high school students attend our high school. At 240 students, that makes up 20% of our high school population. Although we do receive the operational funding for all our out-of-district students, we receive no corresponding benefit for capital construction projects and are over capacity within just two years of opening. Next year we project that we will be 15% over-capacity at our high school

Property taxes are our only source of revenue for construction projects. The size of our district and the impact of our neighboring K-8 district have disproportionately

impacted our District's residents. For example, in West Fargo a recent \$100 million bond cost taxpayers \$15 per year per \$100,000 of true and full residential property value, while a proposed \$60 million bond would cost Williston taxpayers \$169 per \$100,000 of true and full residential property value. Our history of passing bond measures is a testament to that fact. Last Tuesday our voters rejected a \$60 million bond package that would have allowed us to build two new elementary schools, provide \$7 million in upgrades to our aging elementary schools, and a 400-seat expansion to our High School. Last March, the voters rejected a \$77 million bond. In December 2012, our voters rejected a proposal to build a new middle school but approved a bond in 2014 to build a new high school (which is now overcrowded). In 2003, our voters approved a bond based on sales tax to build a new middle school. That school was paid off early but in 2007, the State Legislature repealed the sales tax enabling statute.

Last night at our school board meeting, we voted to put our \$60 million bond issue back to the voters on April 9th, after waiting our mandatory 90 days. We are also seeking an increase in our mil levy from 10 to 20. If successful, we will add 1,200 elementary school seats and increase our K-5 capacity by 76%; we will add 400 seats to our high school to increase our capacity by 33%. Overall, we seek to increase our District-wide capacity by 40% to accommodate our enrollment projections over the next 5-10 years.

What does the future look like for schools in Williston if we cannot get property tax relief and find other sources of revenue to fund school construction? We will continue to experience overcrowding with a significant number of class sizes exceeding 30 in 2019 and 34 in 2020. We project our enrollment to grow by 28.9% in the next five years and 47.5% over the next 10 years. We will continue to lose teachers and face difficulty in recruiting teachers, despite having one of the most competitive compensation packages in the State. We will likely lose confidence from our business leaders in all industries, which will also lead to a loss of economic growth and sales tax revenue for the entire State.

Senators, we are not asking you to recommend passage of a bill solely to benefit our students in Williston. It's true that this bill would do a great deal to aid our students, but the reality is, this bill is a good idea for the entire state. The rapid enrollment growth faced by our school district isn't unique to Williston, and this bill would provide much needed help to communities beyond Williston, and even beyond the oil field. As we look to the future, we all hope that the economic and population growth of the oil field areas will be experienced in in other parts of our state and other areas of our economy. This bill would ensure that other areas of our state won't have to go through the same expansion pains that Williston has, and for that reason as well, I urge you to give this bill a "DO PASS" recommendation.

Thank you for your consideration.

Williston Public School District #1

Testimony Prepared for the
Senate Education

January 15, 2019

By: Donnell Preskey, NDACo

opposed

RE: SB 2160

Good afternoon, Chairman Schaible and committee members. I am Donnell Preskey with the North Dakota Association of Counties. I am here today representing the North Dakota Auditors and Treasurers Association as their Executive Director.

The Auditors and Treasurers Associations have concerns with sections of SB 2160 and would oppose it as it is currently presented. The portion of the bill we oppose is subsection 6.

For purposes of the calculation in subsection 4, each county auditor shall report the following to the superintendent of public instruction on an annual basis:

- a. The amount of revenue received by each school district in the county during the previous school year for each type of revenue identified in subdivisions f and g of subsection 1;
- b. The total number of mills levied in the previous calendar year by each school district; and
- c. The number of mills levied in the previous calendar year by each school district for general fund purposes.

Counties currently provide a report to the Department of Public Instruction, which I have attached an example. As you can see, counties are already providing:

1. Revenue from in lieu of taxes – transmission and distribution of electric power – f(4)
2. Revenue from generation of electricity – f(5)
3. Mobile home tax revenue – g(1)
4. Telecommunications tax – g(2)
5. Homestead/Vet credit in lieu –g(3)
6. Mills levied – 6b and 6c

However, the below information being requested in this bill is information counties does not receive nor possess.

1. Revenue reported under code 2000 – f(1)
2. Mineral revenue directly from the State Treasurer – f(2)
3. Tuition revenue f(3)
4. Revenue from leasing of land – f(7)

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County auditors suggest amending the language and require the various entities to report directly to DPI or have the school report the information to DPI. As you can imagine, gathering and providing this information to DPI takes time. I am told this would be an all-day project, but again, remember information being requested is not being provided to the county auditors. Mr. Chairman, this additional reporting requirement is a burden on county auditors that is not county related. We respectfully request this language be removed from the bill.

19.0392.01003
Title.

Prepared by the Legislative Council staff for
Senator Rust

January 22, 2019

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Att #1
p 1081

PROPOSED AMENDMENTS TO SENATE BILL NO. 2160

Page 4, line 9, overstrike "seventy-five percent of"

Page 4, line 10, overstrike "subdivision f of subsection 1"

Page 4, line 11, overstrike "and one hundred percent of all"

Page 4, line 11, remove "apportioned revenue"

Page 4, line 11, overstrike "listed in"

Page 4, line 12, overstrike "subdivision" and insert immediately thereafter "subdivisions"

Page 4, line 12, remove the overstrike over "f" and insert immediately thereafter "and"

Renumber accordingly

School District Payments In-lieu of Property Taxes

Mill Levy

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County District Number	School District	In Lieu Revenue	Deducted From Formula Current	Deducted From Formula SB 2160	One Year Estimated Cost		GF Levy	Total Levy
01-013	Hettinger 13	303,956	240,845	215,537	25,308	71%	66.50	93.78
02-002	Valley City 2	148,582	140,216	107,390	32,826	72%	70.00	96.85
02-007	Barnes County North 7	281,249	221,185	243,221	(22,037)	86%	63.32	73.22
02-046	Litchville-Marion 46	27,314	23,830	26,630	(2,801)	97%	61.96	63.55
03-005	Minnewaukan 5	46,940	37,584	45,560	(7,976)	97%	57.42	59.16
03-006	Leeds 6	24,278	22,610	19,331	3,278	80%	68.15	85.59
03-009	Maddock 9	28,706	26,466	21,539	4,928	75%	68.76	91.64
03-016	Oberon 16	7,744	7,454	7,351	104	95%	60.91	64.17
03-029	Warwick 29	15,287	13,984	15,287	(1,303)	100%	69.87	69.87
03-030	Ft Totten 30	14,517	13,736	5,188	8,548	36%	62.64	175.26
04-001	Billings Co 1	1,890,100	1,422,880	1,890,100	(467,220)	100%	56.32	56.32
05-001	Bottineau 1	788,044	591,057	660,798	(69,741)	84%	59.98	71.53
05-017	Westhope 17	147,311	110,483	76,529	33,955	52%	58.20	112.03
05-054	Newburg-United 54	69,534	52,186	60,846	(8,660)	88%	54.07	61.79
06-001	Bowman Co 1	1,764,585	1,331,244	1,455,242	(123,998)	82%	70.00	84.88
06-033	Scranton 33	331,091	251,273	250,701	572	76%	66.80	88.22
07-014	Bowbells 14	382,713	289,079	346,086	(57,007)	90%	58.96	65.20
07-027	Powers Lake 27	902,733	680,805	488,004	192,800	54%	61.67	114.08
07-036	Burke Central 36	544,619	412,102	429,003	(16,901)	79%	61.67	78.29
08-001	Bismarck 1	2,731,062	2,430,993	1,839,630	591,363	67%	70.00	103.92
08-025	Naughton 25	2,622	2,287	1,962	325	75%	50.16	67.02
08-028	Wing 28	51,880	40,151	42,196	(2,045)	81%	60.00	73.77
08-033	Menoken 33	15,593	13,194	15,593	(2,399)	100%	55.26	55.26
08-035	Sterling 35	24,075	21,863	21,519	344	89%	48.73	54.52
08-039	Apple Creek 39	21,933	20,281	10,984	9,297	50%	56.33	112.48
08-045	Manning 45	13,988	13,405	6,616	6,789	47%	70.00	148.00
09-001	Fargo 1	2,563,585	2,406,494	2,108,683	297,812	82%	126.78	154.13
09-002	Kindred 2	120,649	107,920	71,246	36,674	59%	67.16	113.73
09-004	Maple Valley 4	73,426	67,866	62,676	5,189	85%	69.91	81.90
09-006	West Fargo 6	1,382,102	1,160,564	587,717	572,848	43%	54.97	129.27
09-007	Mapleton 7	23,689	22,430	8,507	13,923	36%	47.46	132.16
09-017	Central Cass 17	225,587	197,290	142,400	54,890	63%	63.32	100.31
09-080	Page 80	26,737	23,849	23,764	85	89%	63.86	71.85
09-097	Northern Cass 97	89,218	79,096	61,216	17,880	69%	70.00	102.02
10-019	Munich 19	11,380	10,837	9,998	839	88%	57.88	65.88
10-023	Langdon Area 23	54,636	52,428	48,278	4,150	88%	66.98	75.80
11-040	Ellendale 40	55,976	51,756	40,259	11,497	72%	68.75	95.59
11-041	Oakes 41	61,203	56,997	47,463	9,535	78%	61.97	79.91
12-001	Divide County 1	1,992,141	1,502,049	1,174,880	327,169	59%	54.24	91.97
13-016	Killdeer 16	2,601,871	1,958,683	2,112,061	(153,378)	81%	43.12	53.12
13-019	Halliday 19	147,338	111,994	126,102	(14,108)	86%	54.63	63.83
13-037	Twin Buttes 37	138,366	103,909	138,366	(34,457)	100%	0.00	0.00
14-002	New Rockford-Sheyenne 2	59,637	54,802	47,992	6,810	80%	68.99	85.73
15-006	Hazleton-Moffit-Braddock 6	28,962	24,369	28,029	(3,659)	97%	63.39	65.50
15-010	Bakker 10	5,009	3,961	5,009	(1,048)	100%	41.99	41.99
15-015	Strasburg 15	49,165	38,972	30,114	8,858	61%	58.09	94.84
15-036	Linton 36	41,515	38,306	41,515	(3,208)	100%	54.56	54.56
16-049	Carrington 49	86,854	79,923	44,537	35,386	51%	69.23	135.01
17-003	Beach 3	609,829	467,088	609,829	(142,741)	100%	45.07	45.07
17-006	Lone Tree 6	82,219	63,365	46,782	16,583	57%	38.72	68.05
18-001	Grand Forks 1	4,677,061	3,664,712	3,362,718	301,993	72%	70.00	97.36
18-044	Larimore 44	124,105	108,941	88,755	20,186	72%	70.00	97.88
18-061	Thompson 61	137,485	112,061	93,453	18,608	68%	59.83	88.02

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School District Payments In-lieu of Property Taxes

Mill Levy

County District Number	School District	In Lieu Revenue	Deducted From Formula Current	Deducted From Formula SB 2160	One Year Estimated Cost		GF Levy	Total Levy
18-125	Manvel 125	41,649	39,157	25,033	14,123	60%	61.32	102.02
18-127	Emerado 127	40,970	40,097	20,197	19,900	49%	69.99	141.98
18-128	Midway 128	58,314	54,091	43,684	10,407	75%	65.69	87.69
18-129	Northwood 129	39,815	36,363	25,311	11,052	64%	60.57	95.28
19-018	Roosevelt 18	23,859	22,909	20,617	2,293	86%	69.70	80.66
19-049	Elgin-New Leipzig 49	47,119	45,483	40,223	5,260	85%	70.00	82.00
20-007	Midkota 7	39,039	35,968	39,039	(3,071)	100%	70.00	70.00
20-018	Griggs County Central 18	93,622	79,452	63,323	16,129	68%	66.46	98.26
21-001	Mott-Regent 1	46,477	43,594	28,691	14,903	62%	65.01	105.31
21-009	New England 9	529,360	405,099	425,456	(20,357)	80%	61.42	76.42
22-001	Kidder County 1	125,192	110,607	100,729	9,879	80%	69.71	86.64
23-003	Edgeley 3	33,930	31,098	22,835	8,263	67%	69.67	103.52
23-007	Kulm 7	27,805	24,760	17,055	7,705	61%	67.60	110.21
23-008	LaMoure 8	38,498	34,840	32,697	2,144	85%	69.21	81.49
24-002	Napoleon 2	27,411	24,914	24,853	61	91%	58.70	64.74
24-056	Gackle-Streeter 56	34,863	31,432	29,337	2,095	84%	68.96	81.95
25-001	Velva 1	181,683	145,956	113,552	32,405	63%	59.35	94.96
25-014	Anamoose 14	29,778	27,270	27,929	(659)	94%	45.64	48.66
25-057	Drake 57	99,029	77,922	95,428	(17,506)	96%	42.66	44.27
25-060	TGU 60	168,024	140,493	115,898	24,595	69%	69.66	100.99
26-004	Zeeland 4	25,716	21,184	23,661	(2,477)	92%	69.87	75.94
26-009	Ashley 9	32,176	30,131	27,665	2,466	86%	63.97	74.40
26-019	Wishek 19	157,456	127,478	147,282	(19,804)	94%	63.84	68.25
27-001	McKenzie Co 1	5,283,908	3,990,461	2,908,417	1,082,044	55%	30.78	55.92
27-002	Alexander 2	1,392,724	1,060,277	714,870	345,407	51%	45.77	89.17
27-014	Yellowstone 14	267,369	201,598	170,253	31,345	64%	29.82	46.83
27-018	Earl 18	20,259	15,297	8,697	6,599	43%	5.01	11.67
27-032	Horse Creek 32	70,506	53,148	46,495	6,654	66%	15.82	23.99
27-036	Mandaree 36	522,478	392,382	113,081	279,301	22%	1.08	4.99
28-001	Wilton 1	209,170	166,283	169,279	(2,996)	81%	65.35	80.75
28-004	Washburn 4	302,172	233,473	274,258	(40,785)	91%	56.20	61.92
28-008	Underwood 8	257,458	208,873	189,340	19,533	74%	62.04	84.36
28-050	Max 50	131,578	103,363	108,680	(5,317)	83%	66.40	80.39
28-051	Garrison 51	422,541	329,018	283,760	45,258	67%	61.34	91.34
28-072	Turtle Lake-Mercer 72	196,907	153,828	139,072	14,756	71%	50.93	72.11
28-085	White Shield 85	126,885	96,624	126,885	(30,260)	100%	53.35	53.35
29-003	Hazen 3	916,816	698,427	585,938	112,488	64%	39.26	61.43
29-027	Beulah 27	1,231,702	942,435	925,220	17,214	75%	54.46	72.50
30-001	Mandan 1	1,044,344	900,293	583,019	317,274	56%	57.49	102.98
30-004	Little Heart 4	6,465	5,806	5,542	264	86%	39.81	46.44
30-013	Hebron 13	177,260	136,357	145,315	(8,958)	82%	67.46	82.29
30-017	Sweet Briar 17	1,453	1,394	1,200	194	83%	37.36	45.22
30-039	Flasher 39	68,576	57,669	32,653	25,016	48%	58.01	121.83
30-048	Glen Ullin 48	202,771	158,315	194,447	(36,132)	96%	63.77	66.50
30-049	New Salem-Almont 49	354,305	272,584	273,129	(545)	77%	51.58	66.91
31-001	New Town 1	4,643,677	3,490,409	3,349,916	140,493	72%	27.55	38.19
31-002	Stanley 2	1,089,419	836,052	831,753	4,299	76%	52.52	68.79
31-003	Parshall 3	393,590	301,257	393,590	(92,333)	100%	69.15	69.15
32-001	Dakota Prairie 1	105,714	92,441	102,774	(10,333)	97%	68.86	70.83
32-066	Lakota 66	43,731	39,041	34,364	4,677	79%	70.00	89.08
33-001	Center-Stanton 1	457,097	352,364	427,290	(74,925)	93%	62.07	66.40
34-006	Cavalier 6	130,877	110,719	89,425	21,294	68%	69.79	102.14
34-019	Drayton 19	40,015	34,030	27,196	6,834	68%	85.50	125.80

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School District Payments In-lieu of Property Taxes

Mill Levy

County District Number	School District	In Lieu Revenue	Deducted From Formula Current	Deducted From Formula SB 2160	One Year Estimated Cost		GF Levy	Total Levy
34-043	St Thomas 43	21,346	20,403	18,712	1,691	88%	84.90	96.85
34-100	North Border 100	81,040	74,900	74,965	(65)	93%	60.83	65.76
34-118	Valley-Edinburg 118	51,323	43,868	42,955	913	84%	66.73	79.73
35-001	Wolford 1	10,608	9,846	7,817	2,029	74%	70.00	95.00
35-005	Rugby 5	153,107	143,064	90,557	52,507	59%	70.00	118.35
36-001	Devils Lake 1	282,039	254,212	210,208	44,004	75%	70.00	93.92
36-002	Edmore 2	87,580	70,982	69,906	1,076	80%	84.84	106.29
36-044	Starkweather 44	13,890	13,126	11,100	2,027	80%	67.61	84.61
37-006	Ft Ransom 6	2,976	2,974	2,094	880	70%	47.68	67.76
37-019	Lisbon 19	39,360	39,360	24,431	14,930	62%	59.27	95.49
37-024	Enderlin Area 24	70,501	67,479	59,942	7,537	85%	65.28	76.78
38-001	Mohall-Lansford-Sherwood 1	406,341	316,243	353,399	(37,156)	87%	62.08	71.38
38-026	Glenburn 26	325,939	265,644	217,282	48,362	67%	70.37	105.56
39-008	Hankinson 8	133,120	128,510	85,489	43,021	64%	67.00	104.33
39-018	Fairmount 18	24,476	22,721	18,623	4,098	76%	70.00	92.00
39-028	Lidgerwood 28	32,996	31,232	20,989	10,243	64%	69.76	109.67
39-037	Wahpeton 37	277,613	259,013	131,013	128,001	47%	63.96	135.53
39-042	Wyndmere 42	26,450	24,641	22,502	2,139	85%	69.35	81.52
39-044	Richland 44	37,204	33,063	18,496	14,567	50%	60.00	120.69
40-001	Dunseith 1	32,938	29,947	24,147	5,800	73%	65.87	89.85
40-003	St John 3	198,578	154,849	155,184	(335)	78%	69.95	89.51
40-004	Mt Pleasant 4	463,983	356,920	334,469	22,451	72%	69.96	97.05
40-007	Belcourt 7	-	-	-	-	0%	-	-
40-029	Rolette 29	35,735	30,952	23,826	7,127	67%	70.04	105.05
41-002	Milnor 2	25,821	22,683	16,308	6,375	63%	60.00	95.00
41-003	North Sargent 3	51,583	49,093	41,133	7,960	80%	58.10	72.86
41-006	Sargent Central 6	57,944	50,620	37,031	13,588	64%	69.73	109.11
42-016	Goodrich 16	21,234	20,147	19,218	929	91%	53.67	59.30
42-019	McClusky 19	34,713	31,304	28,529	2,774	82%	59.98	72.98
43-003	Solen 3	30,718	24,153	30,718	(6,566)	100%	52.10	52.10
43-004	Ft Yates 4	13,040	9,901	13,040	(3,139)	100%	63.02	63.02
43-008	Selfridge 8	6,210	4,832	5,353	(520)	86%	47.67	55.30
44-012	Marmarth 12	83,318	62,805	49,146	13,660	59%	43.39	73.56
44-032	Central Elem 32	55,310	41,855	54,806	(12,950)	99%	22.82	23.03
45-001	Dickinson 1	2,808,673	2,144,571	1,777,994	366,577	63%	66.95	105.76
45-009	South Heart 9	822,598	618,398	423,450	194,948	51%	39.38	76.50
45-013	Belfield 13	578,187	434,625	342,720	91,905	59%	44.64	75.31
45-034	Richardton-Taylor 34	901,174	678,698	457,117	221,581	51%	70.00	138.00
46-010	Hope 10	45,418	37,797	38,488	(691)	85%	48.88	57.68
46-019	Finley-Sharon 19	33,211	30,102	27,350	2,752	82%	70.00	85.00
47-001	Jamestown 1	423,112	373,504	294,909	78,595	70%	69.01	99.01
47-003	Medina 3	44,396	38,272	34,283	3,989	77%	67.80	87.80
47-010	Pingree-Buchanan 10	73,183	58,684	55,675	3,009	76%	69.96	91.96
47-014	Montpelier 14	11,800	9,730	11,145	(1,415)	94%	69.24	73.31
47-019	Kensal 19	35,521	28,112	32,488	(4,375)	91%	53.55	58.55
48-010	North Star 10	22,581	21,784	21,326	458	94%	60.00	63.53
49-003	Central Valley 3	90,478	74,090	86,759	(12,669)	96%	69.99	72.99
49-007	Hatton Eielson 7	37,737	35,503	27,065	8,438	72%	60.00	83.66
49-009	Hillsboro 9	115,186	96,752	90,206	6,546	78%	65.00	83.00
49-014	May-Port CG 14	86,985	79,095	65,024	14,071	75%	65.14	87.14
50-003	Grafton 3	139,854	134,209	64,339	69,870	46%	66.20	143.90
50-005	Fordville-Lankin 5	15,102	13,575	13,642	(67)	90%	70.00	77.49
50-008	Park River Area 8	88,991	83,551	46,127	37,424	52%	61.35	118.36

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School District Payments In-lieu of Property Taxes

Mill Levy

County District Number	School District	In Lieu Revenue	Deducted From Formula Current	Deducted From Formula SB 2160	One Year Estimated Cost		GF Levy	Total Levy
50-020	Minto 20	28,866	26,198	12,803	13,395	44%	62.21	140.26
51-001	Minot 1	7,133,543	5,536,295	4,494,036	1,042,259	63%	69.96	111.05
51-004	Nedrose 4	75,329	71,793	26,703	45,090	35%	52.90	149.23
51-007	United 7	128,079	111,145	92,221	18,924	72%	68.23	94.76
51-016	Sawyer 16	38,806	35,778	24,693	11,085	64%	69.06	108.53
51-028	Kenmare 28	173,335	136,611	116,385	20,226	67%	69.79	103.94
51-041	Surrey 41	67,170	58,613	45,174	13,439	67%	71.45	106.24
51-070	South Prairie 70	124,261	113,636	63,357	50,279	51%	70.00	137.29
51-161	Lewis and Clark 161	237,750	188,579	130,444	58,135	55%	69.06	125.87
52-025	Fessenden-Bowdon 25	15,940	14,223	13,388	835	84%	62.94	74.94
52-038	Harvey 38	91,567	87,044	79,193	7,851	86%	62.27	72.00
53-001	Williston 1	5,088,970	3,865,992	3,271,889	594,103	64%	80.02	124.46
53-002	Nesson 2	691,893	520,967	349,450	171,517	51%	36.91	73.08
53-006	Eight Mile 6	493,299	372,186	280,378	91,808	57%	28.97	50.97
53-008	New 8	1,386,092	1,049,608	965,207	84,401	70%	38.55	55.36
53-015	Tioga 15	1,312,692	990,649	891,531	99,118	68%	32.43	47.75
53-099	Grenora 99	564,181	425,033	274,942	150,091	49%	60.00	123.12
Grand Total		75,318,745	59,373,120	42,101,861	7,786,288			

Estimated Biennium Cost 15,572,576