

2023 SENATE FINANCE AND TAXATION

SB 2066

2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

SB 2066
1/18/2023

Relating to the determination of state aid payments, information displayed on property tax statements, school district levy authority, and a credit against payments in lieu of taxes paid by centrally assessed companies; relating to adjustments to state aid payments; and to provide an effective date.

1:58 PM Chairman Kannianen opened hearing.

Senators present: **Kannianen, Weber, Patten, Rummel, Piepkorn, Magrum.**

Discussion Topics:

- Tax relief allocation
- Mills vs. dollars
- Dollar cap amount
- Property tax average
- School tax reduction
- Mills reduction
- Per pupil payments
- Mill conversion
- School district taxable evaluation
- Mills worth
- Property owners' savings
- Tax equalization
- Calculating school budget
- Mills formula

1:58 PM Senator Don Schaible introduced bill. #14268, #14270, #14271

2:18 PM Representative Mike Nathe, verbally testified in support.

2:27 PM Brandt J. Dick, North Dakota Small Organized Schools Board President, testified in favor. #14190

2:36 PM Scott Davis, Belcourt School District #7 Ft. Yates Public School District, testified in favor. #14351

2:43 PM Duane Poitra, Business manager for Belcourt School District #7, testified in favor. #14353

2:54 PM Don Larson, National Federation of Small Businesses, verbally testified in favor.

2:56 PM Alexis Baxley, North Dakota School boards Association, testified neutrally. (no written testimony)

2:58 PM Linda Schihovic North Dakota Association of Counties, testified neutrally. (no written testimony)

3:10 PM Adam Tescher, Department of Public Instruction - School Finance Officer, testified neutrally. (no written testimony)

3:20 PM Chairman Kannianen adjourned meeting.

Nathan Liesen, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

SB 2066
2/6/2023

Relating to the determination of state aid payments, information displayed on property tax statements, school district levy authority, and a credit against payments in lieu of taxes paid by centrally assessed companies; to repeal sections and relating to adjustments to state aid payments; and to provide an effective date.

10:12 AM Chairman Kannianen opened hearing.

Senator present: **Kannianen, Weber, Patten, Rummel, Piepkorn, Magrum.**

Discussion Topics:

- Mill buy down
- Mill minimum
- Funding formula

10:23 AM Adam Tescher, ND Director of School Finance, provided information verbally.

10:32 AM Chairman Kannianen adjourned meeting.

Nathan Liesen, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

SB 2066
2/6/2023

Relating to the determination of state aid payments, information displayed on property tax statements, school district levy authority, and a credit against payments in lieu of taxes paid by centrally assessed companies; to repeal sections and relating to adjustments to state aid payments; and to provide an effective date.

3:03 PM Chairman Kannianen opens hearing.

Senator present: **Kannianen, Weber, Patten, Rummel, Piepkorn, Magrum.**

Discussion Topics:

- Mills cap
- Amendment options

3:28 PM Adam Tescher – ND Director of School Finance, provided information. **3:35 PM**

Senator Weber motioned a Do Pass

3:35 PM Senator Magrum seconded.

3:36 PM Senator Weber withdrew motion.

3:36 PM Senator Weber motioned to adopt and amendment LC 23.0073.03001 (20803).

3:37 PM Senator Magrum seconded.

Senators	Vote
Senator Jordan Kannianen	Y
Senator Mark F. Weber	Y
Senator Jeffery J. Magrum	Y
Senator Dale Patten	Y
Senator Merrill Piepkorn	Y
Senator Dean Rummel	Y

Motion passed 6-0-0

3:39 PM Senator Weber motioned a Do Pass as amended and rerefer to appropriations.

3:39 PM Senator Magrum seconded.

Senators	Vote
Senator Jordan Kannianen	N
Senator Mark F. Weber	Y
Senator Jeffery J. Magrum	Y
Senator Dale Patten	Y
Senator Merrill Piepkorn	Y
Senator Dean Rummel	N

Motioned passed 4-2-0

3:40 PM Senator Weber will carry.

3:41 PM Chairman Kannianen adjourned meeting.

Nathan Liesen, Committee Clerk

January 9, 2023

DR
(P)
2-6-2023

PROPOSED AMENDMENTS TO SENATE BILL NO. 2066

Page 13, line 29, after the underscored comma insert "or the actual increase in taxable valuation, as compared to the previous year's taxable valuation calculation, whichever is less."

Page 21, line 5, after the underscored comma insert "or the actual increase in taxable valuation, as compared to the previous year's taxable valuation calculation, whichever is less."

Page 23, line 24, after the underscored comma insert "or the actual increase in taxable valuation, as compared to the previous year's taxable valuation calculation, whichever is less."

Renumber accordingly

REPORT OF STANDING COMMITTEE

SB 2066: Finance and Taxation Committee (Sen. Kannianen, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (4 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2066 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

Page 13, line 29, after the underscored comma insert "or the actual increase in taxable valuation, as compared to the previous year's taxable valuation calculation, whichever is less."

Page 21, line 5, after the underscored comma insert "or the actual increase in taxable valuation, as compared to the previous year's taxable valuation calculation, whichever is less."

Page 23, line 24, after the underscored comma insert "or the actual increase in taxable valuation, as compared to the previous year's taxable valuation calculation, whichever is less."

Renumber accordingly

2023 SENATE APPROPRIATIONS

SB 2066

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division Sakakawea Room, State Capitol

SB 2066
2/9/2023

A BILL for an Act relating to the determination of state aid payments, information displayed on property tax statements, school district levy authority, and a credit against payments in lieu of taxes paid by centrally assessed companies; and to adjustments to state aid payments; and to provide an effective date.

4:39 PM Chairman Sorvaag opened the meeting for committee work.

Members present: Senators Sorvaag, Krebsbach, Rust, Schaible, and Meyer

Discussion Topics:

- School funding
- Local mill levy contributions
- State property tax
- Committee discussion

Committee Discussion:

4:41 PM Senator Schaible, provided information on drafting an amendment to change 30 million to 20 million, no written testimony, verbally.

4:58 PM Chairman Sorvaag closed the meeting.

Kathleen Hall, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

SB 2066
2/10/2023

Relating to the determination of state aid payments, information displayed on property tax statements, school district levy authority, and a credit against payments in lieu of taxes paid by centrally assessed companies; relating to adjustments to state aid payments; and to provide an effective date.

8:22 AM Chairman Bekkedahl opened the meeting.

Members present: **Senators Bekkedahl, Krebsbach, Burckhard, Davison, Dever, Dwyer, Kreun, Meyer, Roers, Schaible, Sorvaag, Vedaa, Wanzek, Rust, and Mathern.**

Members absent: **Senator Erbele**

Discussion Topics:

- Committee action

8:27 AM Senator Sorvaag moved to adopt Amendment LC 23.0073.04001.

8:27 AM Senator Kreun seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	N
Senator Robert Erbele	A
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator Donald Schaible	N
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	N
Senator Terry M. Wanzek	Y
Senator Rust	Y

Passed 12-3-1

9:01 AM Senator Sorvaag moved to FURTHER AMEND “exempt centralized properties from the tax relief.”

9:01 AM Senator Wanzek seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	N
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	A
Senator Curt Kreun	Y
Senator Tim Mathern	N
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	Y
Senator Terry M. Wanzek	Y
Senator Rust	Y

Passed 13-2-1

9:03 AM Senator Sorvaag moved DO PASS as AMENDED.

9:03 AM Senator Wanzek seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	A
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	Y
Senator Terry M. Wanzek	Y
Senator Rust	Y

Passed 15-0-1

Senator Weber will carry the bill.

9:04 AM Senator Bekkedahl closed the meeting.

Kathleen Hall, Committee Clerk

AK
1/2
2-13-23

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2066

Page 1, line 1, after "reenact" insert "subsection 3 of section 15.1-27-02,"

Page 1, line 2, after the third comma insert "and"

Page 1, line 3, remove ", and section 57-20-07.3"

Page 1, after line 8, insert:

"SECTION 1. AMENDMENT. Subsection 3 of section 15.1-27-02 of the North Dakota Century Code is amended and reenacted as follows:

3. On or before December fifteenth, each school district shall file with the superintendent of public instruction the taxable valuation and mill levy certifications, which must be separated by property classification. If a district fails to file the taxable valuation and mill levy certifications by the required date, the superintendent of public instruction may not forward to the district any state aid payments to which the district is entitled, until the taxable valuation and mill levy certifications are filed."

Page 13, line 25, replace "thirty" with "the sum of:

- (1) Forty"

Page 13, line 25, after "of" insert "residential, agricultural, and commercial property in"

Page 13, line 26, replace "subdivision" with "paragraph"

Page 13, line 31, after "thereafter" insert "; and

- (2) Sixty mills multiplied by the taxable valuation of centrally assessed property in the school district"

Page 15, line 11, after "purposes" insert ", separated by property classification"

Page 15, line 13, after "purposes" insert ", separated by property classification"

Page 15, line 19, overstrike "utilize an amount equal to"

Page 15, line 20, replace "thirty" with "deduct the sum of the following:

1. Forty"

Page 15, line 20, after "valuation" insert "of residential, agricultural, and commercial property"

Page 15, line 21, after "district" insert "; and

2. Sixty mills times twenty percent of the state average valuation of centrally assessed property per student multiplied by the number of weighted student units in the district"

Page 19, line 18, replace "forty" with "fifty"

Page 19, line 18, after the second "of" insert "residential, agricultural, and commercial property in"

Page 19, line 18, after "district" insert "and seventy mills on the dollar of taxable valuation of centrally assessed property in the school district"

Page 20, line 29, after "1." insert "a."

Page 20, line 29, overstrike "not exceeding" and insert immediately thereafter "for the school district's local contribution to the costs of education which may not exceed"

Page 20, line 31, replace "thirty" with ":

(1) Forty"

Page 20, line 31, after the second "of" insert "residential, agricultural, and commercial property in"

Page 20, line 31, overstrike ", for"

Page 21, line 1, remove "the school district's local"

Page 21, line 2, remove "contribution to the costs of education"

Page 21, line 2, replace "subsection" with "paragraph"

Page 21, line 7, after the underscored period insert:

"(2) Sixty mills on the taxable valuation of centrally assessed property in the district.

b."

Page 22, line 10, overstrike "Provide" and insert immediately thereafter "For tax statements to be mailed to an owner of a residential, agricultural, or commercial parcel of land, provide"

Page 22, line 21, replace "Eighty" with "Seventy"

Page 22, line 22, replace "thirty" with "forty"

Page 22, remove lines 29 and 30

Page 23, remove lines 1 through 28

Page 24, line 1, remove "4,"

Page 24, line 1, replace "8" with "7"

Renumber accordingly

MR
2-12
2-13-23

REPORT OF STANDING COMMITTEE

SB 2066, as engrossed: Appropriations Committee (Sen. Bekkedahl, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (15 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed SB 2066 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

Page 1, line 1, after "reenact" insert "subsection 3 of section 15.1-27-02,"

Page 1, line 2, after the third comma insert "and"

Page 1, line 3, remove ", and section 57-20-07.3"

Page 1, after line 8, insert:

"SECTION 1. AMENDMENT. Subsection 3 of section 15.1-27-02 of the North Dakota Century Code is amended and reenacted as follows:

3. On or before December fifteenth, each school district shall file with the superintendent of public instruction the taxable valuation and mill levy certifications, which must be separated by property classification. If a district fails to file the taxable valuation and mill levy certifications by the required date, the superintendent of public instruction may not forward to the district any state aid payments to which the district is entitled, until the taxable valuation and mill levy certifications are filed."

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- (1) Forty"

Page 13, line 25, after "of" insert "residential, agricultural, and commercial property in"

Page 13, line 26, replace "subdivision" with "paragraph"

Page 13, line 31, after "thereafter" insert "; and"

- (2) Sixty mills multiplied by the taxable valuation of centrally assessed property in the school district"

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1. Forty"

Page 15, line 20, after "valuation" insert "of residential, agricultural, and commercial property"

Page 15, line 21, after "district" insert "; and"

2. Sixty mills times twenty percent of the state average valuation of centrally assessed property per student multiplied by the number of weighted student units in the district"

Page 19, line 18, replace "forty" with "fifty"

Page 19, line 18, after the second "of" insert "residential, agricultural, and commercial property in"

Page 19, line 18, after "district" insert "and seventy mills on the dollar of taxable valuation of centrally assessed property in the school district"

Page 20, line 29, after "1." insert "a."

Page 20, line 29, overstrike "not exceeding" and insert immediately thereafter "for the school district's local contribution to the costs of education which may not exceed"

Page 20, line 31, replace "thirty" with ":

(1) Forty"

Page 20, line 31, after the second "of" insert "residential, agricultural, and commercial property in"

Page 20, line 31, overstrike ", for"

Page 21, line 1, remove "the school district's local"

Page 21, line 2, remove "contribution to the costs of education"

Page 21, line 2, replace "subsection" with "paragraph"

Page 21, line 7, after the underscored period insert:

"(2) Sixty mills on the taxable valuation of centrally assessed property in the district.

b."

Page 22, line 10, overstrike "Provide" and insert immediately thereafter "For tax statements to be mailed to an owner of a residential, agricultural, or commercial parcel of land, provide"

Page 22, line 21, replace "Eighty" with "Seventy"

Page 22, line 22, replace "thirty" with "forty"

Page 22, remove lines 29 and 30

Page 23, remove lines 1 through 28

Page 24, line 1, remove "4,"

Page 24, line 1, replace "8" with "7"

Renumber accordingly

2023 HOUSE EDUCATION

SB 2066

2023 HOUSE STANDING COMMITTEE MINUTES

Education Committee Coteau AB Room, State Capitol

SB 2066
3/21/2023

Relating to the determination of state aid payments, information displayed on property tax statements, school district levy authority, and a credit against payments in lieu of taxes paid by centrally assessed companies; relating to adjustments to state aid payments; and to provide an effective date.

9:00 AM

Chairman Heinert opened the hearing. Members present: Chairman Heinert, Vice Chairman Schreiber-Beck, Representatives Conmy, Hager, Hauck, Heilman, Hoverson, Jonas, Longmuir, Marschall, Murphy, Novak, and Timmons. Absent: Representative Dyk.

Discussion Topics:

- Funding formula
- Property tax mills
- Mill reduction
- Growth evaluation

Sen Schaible, District 31, provided a property tax overview, Testimony #26085
Adam Tescher, School Finance Officer, ND DPI, Testimony #26083
Shelly Meiers, Office of State Tax Commissioner, answered questions
Linda Svihovec, retired McKenzie County Auditor/Treasurer, oral testimony
Amy MacBeth, BNSF Railway, oral testimony

10:23 PM Chairman Heinert closed the hearing.

Kathleen Davis, Committee Clerk

2023 HOUSE FINANCE AND TAXATION

SB 2066

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

SB 2066
3/27/2023

A bill relating to the determination of state aid payments, information displayed on property tax statements, school district levy authority, and a credit against payments in lieu of taxes paid by centrally assessed companies and relating to adjustments to state aid payments.

Chairman Headland opened the hearing at 9:17 AM.

Members present: Chairman Headland, Vice Chairman Hagert, Representative Anderson, Representative Bosch, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Olson, Representative Steiner, Representative Toman, Representative Finley-DeVillie, and Representative Ista. No members absent.

Discussion Topics:

- K-12 Funding Formula
- Shared mill levies
- Local property tax
- State paid local contributions
- Change of mills to dollars
- Centrally assessed properties
- Railroad property
- Transition minimums

Senator Schaible verbally introduced the bill in support.

Don Larson, National Federation of Independent Business, verbally testified in support.

Carlee McLeod, President of Utility Shareholders of North Dakota, verbally testified in opposition.

Andrea Pfennig, Greater North Dakota Chamber, verbally testified in opposition.

Amy McBeth, Regional Director of Public Affairs with BNSF Railway, introduced the next speaker.

Alan Annis, Director of Taxes with BNSF Railway Company, testified in opposition (#26647).

Danette Welsh, Director of Government Relations with ONEOK, verbally testified in opposition.

Adam Tescher, School Finance Officer with the Department of Public Instruction, answered questions from the committee.

Shelli Myers, Property Tax Specialist with the North Dakota Tax Department, answered questions from the committee.

Linda Svihovic, North Dakota Association of Counties, answered questions from the committee.

Adam Tescher, School Finance Officer with the Department of Public Instruction, answered questions from the committee.

Chairman Headland closed the hearing at 10:11 AM.

Mary Brucker, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

SB 2066
4/19/2023

A bill relating to the determination of state aid payments, information displayed on property tax statements, school district levy authority, and a credit against payments in lieu of taxes paid by centrally assessed companies and relating to adjustments to state aid payments.

Chairman Headland opened the meeting at 10:24 AM.

Members present: Chairman Headland, Vice Chairman Hagert, Representative Bosch, Representative Dockter, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Olson, Representative Steiner, Representative Toman, Representative Finley-DeVille, and Representative Ista. **Members absent:** Representative Anderson, Representative Fisher.

Discussion Topics:

- Proposed amendment
- Committee vote

Chairman Headland distributed a proposed amendment of a \$500 tax credit on residential property with a two-year sunset.

Committee discussion.

Representative Olson moved to adopt the amendment as mentioned above.

Representative Bosch seconded the motion.

Roll call vote:

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	AB
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Lisa Finley-DeVille	Y
Representative Jay Fisher	AB
Representative Jim Grueneich	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Mike Motschenbacher	Y
Representative Jeremy Olson	Y
Representative Vicky Steiner	Y

Representative Nathan Toman	Y
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Motion carried 12-0-2

Representative Hagert moved a Do Not Pass as Amended.

Representative Steiner seconded the motion.

Roll call vote:

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	AB
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Lisa Finley-DeVilleville	Y
Representative Jay Fisher	AB
Representative Jim Grueneich	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Mike Motschenbacher	Y
Representative Jeremy Olson	Y
Representative Vicky Steiner	Y
Representative Nathan Toman	Y

Motion carried 12-0-2

Representative Hagert is the bill carrier.

Chairman Headland adjourned at 10:38 AM.

Mary Brucker, Committee Clerk

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PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2066

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact two new sections to chapter 57-02 and a new subsection to section 57-38-30.3 of the North Dakota Century Code, relating to a property tax credit for property used as a primary residence and calculation of individual income tax based on general fund revenues; to amend and reenact subsection 1 of section 57-38-30.3 of the North Dakota Century Code, relating to the imposition of a flat income tax rate for individuals, estates, and trusts; to provide an effective date; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 57-02 of the North Dakota Century Code is created and enacted as follows:

Primary residence credit - Qualification - Application.

1. An individual is entitled to a credit of five hundred dollars against the property tax due on the individual's primary residence. The credit may not exceed the amount of property tax due. The credit must be applied to reduce the property tax owed on the individual's primary residence after other exemptions or credits under this chapter have been applied.
2. For purposes of this section, "primary residence" means a dwelling in this state owned and occupied by an individual as that individual's primary place of residence and includes residences taxed under chapter 57-55. An individual may not have more than one primary residence.
3. An individual who does not reside in the primary residence in this state is eligible for the credit under this section if the individual's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as the portion of the primary residence previously occupied by the individual is not rented to another individual.
4. Only one credit under this section may be applied against the property taxes levied against any primary residence.
5. An individual whose primary residence is a farm structure exempt from taxation under subsection 15 of section 57-02-08 is not eligible for a credit under this section.
6. The credit may not reduce the liability for special assessments levied upon any property.
7. To claim a credit under this section, a claimant must sign and file with the county auditor, by April first, an application containing a verified statement of facts establishing the claimant's eligibility as of the date of the claim on a form and in the manner prescribed by the tax commissioner.

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8. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section. The county auditors shall make these forms available upon request.

SECTION 2. A new section to chapter 57-02 of the North Dakota Century Code is created and enacted as follows:

Primary residence credit - Certification - Distribution.

1. By January first of each year, the county auditor shall certify to the tax commissioner the sum of the credits allowed under section 1 of this Act in the county for the preceding year and provide any other information required by the tax commissioner.
2. By June first of each year, the tax commissioner shall review a sample of the applications from each county and certify to the state treasurer for payment to each county the aggregate dollar amount of credits allowed under section 1 of this Act in each county for the preceding year.
3. By June fifteenth of each year, the state treasurer shall distribute moneys to counties in the amounts certified by the tax commissioner under subsection 2.
4. Within fourteen days of receiving the payment from the state treasurer under subsection 3, but no later than June thirtieth, the county treasurer shall apportion and distribute the payment to the county and to the taxing districts of the county on the same basis as property taxes for the preceding year were apportioned and distributed.
5. Supplemental certifications by the county auditor and the tax commissioner and supplemental payments by the state treasurer may be made after the dates prescribed in this section to make corrections necessary because of errors or approval of any application for abatement filed by an individual because the credit under section 1 of this Act was not allowed.
6. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.

SECTION 3. AMENDMENT. Subsection 1 of section 57-38-30.3 of the North Dakota Century Code is amended and reenacted as follows:

1. A tax is hereby imposed for each taxable year upon income earned or received in that taxable year by every resident and nonresident individual, estate, and trust. A taxpayer computing the tax under this section is only eligible for those adjustments or credits that are specifically provided for in this section. Provided, that for purposes of this section, any person required to file a state income tax return under this chapter, but who has not computed a federal taxable income figure, shall compute a federal taxable income figure using a pro forma return in order to determine a federal taxable income figure to be used as a starting point in computing state income tax under this section. The tax for individuals is equal to North Dakota taxable income multiplied by the ~~rates in the applicable rate schedule in subdivisions a through d~~ corresponding to an individual's filing status used for federal income tax purposes. ~~For~~The tax for an estate or trust, ~~the schedule is~~ equal to North Dakota taxable income multiplied by

the rate in subdivision e must be used for purposes of this subsection. The tax to be computed for:

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- a. Single, other than head of household or surviving spousequalifying widow or widower is one and ninety-nine hundredths percent of North Dakota taxable income exceeding forty-four thousand seven hundred twenty-five dollars.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
\$0	\$37,450	1.10%	\$0
\$37,450	\$90,750	\$411.95 + 2.04%	\$37,450
\$90,750	\$189,300	\$1,499.27 + 2.27%	\$90,750
\$189,300	\$411,500	\$3,736.36 + 2.64%	\$189,300
\$411,500		\$9,602.44 + 2.90%	\$411,500

- b. Married filing jointly and surviving spousequalifying widow or widower is one and ninety-nine hundredths percent of North Dakota taxable income exceeding seventy-four thousand seven hundred fifty dollars.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
\$0	\$62,600	1.10%	\$0
\$62,600	\$151,200	\$688.60 + 2.04%	\$62,600
\$151,200	\$230,450	\$2,496.04 + 2.27%	\$151,200
\$230,450	\$411,500	\$4,295.02 + 2.64%	\$230,450
\$411,500		\$9,074.74 + 2.90%	\$411,500

- c. Married filing separately is one and ninety-nine hundredths percent of North Dakota taxable income exceeding thirty-seven thousand three hundred seventy-five dollars.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
\$0	\$31,300	1.10%	\$0
\$31,300	\$75,600	\$344.30 + 2.04%	\$31,300
\$75,600	\$115,225	\$1,248.02 + 2.27%	\$75,600
\$115,225	\$205,750	\$2,147.51 + 2.64%	\$115,225
\$205,750		\$4,537.37 + 2.90%	\$205,750

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d. Head of household is one and ninety-nine hundredths percent of North Dakota taxable income exceeding fifty-nine thousand nine hundred fifty dollars.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
\$0	\$50,200	1.10%	\$0
\$50,200	\$129,600	\$552.20 + 2.04%	\$50,200
\$129,600	\$209,850	\$2,171.96 + 2.27%	\$129,600
\$209,850	\$411,500	\$3,993.64 + 2.64%	\$209,850
\$411,500		\$9,317.20 + 2.90%	\$411,500

e. Estates and trusts is one and ninety-nine hundredths percent of North Dakota taxable income exceeding three thousand dollars.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
\$0	\$2,500	1.10%	\$0
\$2,500	\$5,900	\$27.50 + 2.04%	\$2,500
\$5,900	\$9,050	\$96.86 + 2.27%	\$5,900
\$9,050	\$12,300	\$168.37 + 2.64%	\$9,050
\$12,300		\$254.17 + 2.90%	\$12,300

f. For an individual who is not a resident of this state for the entire year, or for a nonresident estate or trust, the tax is equal to the tax otherwise computed under this subsection multiplied by a fraction in which:

- (1) The numerator is the federal adjusted gross income allocable and apportionable to this state; and
- (2) The denominator is the federal adjusted gross income from all sources reduced by the net income from the amounts specified in subdivisions a and b of subsection 2.

In the case of married individuals filing a joint return, if one spouse is a resident of this state for the entire year and the other spouse is a nonresident for part or all of the tax year, the tax on the joint return must be computed under this subdivision.

g. The tax commissioner shall prescribe new rate-schedules that apply in lieu of the schedules set forth in subdivisions a through e. The new schedules must be determined by increasing the minimum and maximum North Dakota taxable income threshold dollar amounts for each income bracket for which a tax is imposed by the cost-of-living adjustment for the taxable year as determined by the secretary of the United States treasury for purposes of section 1(f) of

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the United States Internal Revenue Code of 1954, as amended. For this purpose, the rate applicable to each income bracket may not be changed, and the manner of applying the cost-of-living adjustment must be the same as that used for adjusting the income brackets for federal income tax purposes.

- h. The tax commissioner shall prescribe an optional simplified method of computing tax under this section that may be used by an individual taxpayer who is not entitled to claim an adjustment under subsection 2 or credit against income tax liability under subsection 7.

SECTION 4. A new subsection to section 57-38-30.3 of the North Dakota Century Code is created and enacted as follows:

If the actual general fund revenues exceed the estimated general fund revenues for the twelve-month period ending June thirtieth of an even-numbered year by at least ten percent as determined by the director of the office of management and budget, the rates under subsection 1 must be reduced by one-half percent for the subsequent tax year beginning after December thirty-first of an even-numbered year. The tax commissioner shall publish the reduced rates and notify taxpayers of the reduced rates by November first of an even-numbered year. The tax commissioner may determine the form and manner of publishing the reduced rates and notifying taxpayers, including any notification that taxpayers are not required to file returns or pay taxes. For purposes of this subsection:

- a. "Estimated general fund revenues" means the estimated general fund revenues, excluding the July first of an odd-numbered year general fund balance, as reflected in the cashflow forecast developed by the director of the office of management and budget based on the total estimated general fund revenues for the biennium approved by the most recently adjourned special or regular session of the legislative assembly.
- b. Any reductions to the rates under subsection 1 apply to tax years beginning after December 31, 2022.
- c. The rate reductions must be equally applied to all tax brackets.
- d. The reduced rates must be rounded to the nearest one-hundredth of a percent.
- e. This subsection does not limit or suspend any provision in chapter 57-38 which is not in conflict with this section, including provisions for assessment and refund under sections 57-38-34.4, 57-38-38, and 57-38-40.

SECTION 5. EFFECTIVE DATE - EXPIRATION DATE. Section 1 of this Act is effective for the first taxable year beginning after December 31, 2023, and after that date is ineffective.

SECTION 6. EFFECTIVE DATE. Section 3 of this Act is effective for taxable years beginning after December 31, 2022. Section 2 of this Act becomes effective on July 1, 2024.

SECTION 7. EXPIRATION DATE. Section 2 of this Act is effective through June 30, 2025, and after that date is ineffective."

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Renumber accordingly

REPORT OF STANDING COMMITTEE

SB 2066, as reengrossed: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). Reengrossed SB 2066 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact two new sections to chapter 57-02 and a new subsection to section 57-38-30.3 of the North Dakota Century Code, relating to a property tax credit for property used as a primary residence and calculation of individual income tax based on general fund revenues; to amend and reenact subsection 1 of section 57-38-30.3 of the North Dakota Century Code, relating to the imposition of a flat income tax rate for individuals, estates, and trusts; to provide an effective date; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 57-02 of the North Dakota Century Code is created and enacted as follows:

Primary residence credit - Qualification - Application.

1. An individual is entitled to a credit of five hundred dollars against the property tax due on the individual's primary residence. The credit may not exceed the amount of property tax due. The credit must be applied to reduce the property tax owed on the individual's primary residence after other exemptions or credits under this chapter have been applied.
2. For purposes of this section, "primary residence" means a dwelling in this state owned and occupied by an individual as that individual's primary place of residence and includes residences taxed under chapter 57-55. An individual may not have more than one primary residence.
3. An individual who does not reside in the primary residence in this state is eligible for the credit under this section if the individual's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as the portion of the primary residence previously occupied by the individual is not rented to another individual.
4. Only one credit under this section may be applied against the property taxes levied against any primary residence.
5. An individual whose primary residence is a farm structure exempt from taxation under subsection 15 of section 57-02-08 is not eligible for a credit under this section.
6. The credit may not reduce the liability for special assessments levied upon any property.
7. To claim a credit under this section, a claimant must sign and file with the county auditor, by April first, an application containing a verified statement of facts establishing the claimant's eligibility as of the date of the claim on a form and in the manner prescribed by the tax commissioner.
8. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section. The county auditors shall make these forms available upon request.

SECTION 2. A new section to chapter 57-02 of the North Dakota Century Code is created and enacted as follows:

Primary residence credit - Certification - Distribution.

1. By January first of each year, the county auditor shall certify to the tax commissioner the sum of the credits allowed under section 1 of this Act in the county for the preceding year and provide any other information required by the tax commissioner.
2. By June first of each year, the tax commissioner shall review a sample of the applications from each county and certify to the state treasurer for payment to each county the aggregate dollar amount of credits allowed under section 1 of this Act in each county for the preceding year.
3. By June fifteenth of each year, the state treasurer shall distribute moneys to counties in the amounts certified by the tax commissioner under subsection 2.
4. Within fourteen days of receiving the payment from the state treasurer under subsection 3, but no later than June thirtieth, the county treasurer shall apportion and distribute the payment to the county and to the taxing districts of the county on the same basis as property taxes for the preceding year were apportioned and distributed.
5. Supplemental certifications by the county auditor and the tax commissioner and supplemental payments by the state treasurer may be made after the dates prescribed in this section to make corrections necessary because of errors or approval of any application for abatement filed by an individual because the credit under section 1 of this Act was not allowed.
6. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.

SECTION 3. AMENDMENT. Subsection 1 of section 57-38-30.3 of the North Dakota Century Code is amended and reenacted as follows:

1. A tax is hereby imposed for each taxable year upon income earned or received in that taxable year by every resident and nonresident individual, estate, and trust. A taxpayer computing the tax under this section is only eligible for those adjustments or credits that are specifically provided for in this section. Provided, that for purposes of this section, any person required to file a state income tax return under this chapter, but who has not computed a federal taxable income figure, shall compute a federal taxable income figure using a pro forma return in order to determine a federal taxable income figure to be used as a starting point in computing state income tax under this section. The tax for individuals is equal to North Dakota taxable income multiplied by the rates in the applicable rate schedule in subdivisions a through d corresponding to an individual's filing status used for federal income tax purposes. ~~For~~The tax for an estate or trust, the schedule is equal to North Dakota taxable income multiplied by the rate in subdivision e must be used for purposes of this subsection. The tax to be computed for:
 - a. Single, other than head of household or ~~surviving spouse~~ qualifying widow or widower is one and ninety-nine hundredths percent of North Dakota taxable income exceeding forty-four thousand seven hundred twenty-five dollars.

If North Dakota taxable income is:

Over \$0	Not over \$37,450	The tax is equal to 1.10%	Of amount over \$0
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\$37,450	\$90,750	\$411.95 + 2.04%	\$37,450
\$90,750	\$189,300	\$1,499.27 + 2.27%	\$90,750
\$189,300	\$411,500	\$3,736.36 + 2.64%	\$189,300
\$411,500		\$9,602.44 + 2.90%	\$411,500

- b. Married filing jointly and surviving spousequalifying widow or widower is one and ninety-nine hundredths percent of North Dakota taxable income exceeding seventy-four thousand seven hundred fifty dollars.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
\$0	\$62,600	1.10%	\$0
\$62,600	\$151,200	\$688.60 + 2.04%	\$62,600
\$151,200	\$230,450	\$2,496.04 + 2.27%	\$151,200
\$230,450	\$411,500	\$4,295.02 + 2.64%	\$230,450
\$411,500		\$9,074.74 + 2.90%	\$411,500

- c. Married filing separately is one and ninety-nine hundredths percent of North Dakota taxable income exceeding thirty-seven thousand three hundred seventy-five dollars.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
\$0	\$31,300	1.10%	\$0
\$31,300	\$75,600	\$344.30 + 2.04%	\$31,300
\$75,600	\$115,225	\$1,248.02 + 2.27%	\$75,600
\$115,225	\$205,750	\$2,147.51 + 2.64%	\$115,225
\$205,750		\$4,537.37 + 2.90%	\$205,750

- d. Head of household is one and ninety-nine hundredths percent of North Dakota taxable income exceeding fifty-nine thousand nine hundred fifty dollars.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
\$0	\$50,200	1.10%	\$0
\$50,200	\$129,600	\$552.20 + 2.04%	\$50,200
\$129,600	\$209,850	\$2,171.96 + 2.27%	\$129,600
\$209,850	\$411,500	\$3,993.64 + 2.64%	\$209,850
\$411,500		\$9,317.20 + 2.90%	\$411,500

- e. Estates and trusts is one and ninety-nine hundredths percent of North Dakota taxable income exceeding three thousand dollars.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
\$0	\$2,500	1.10%	\$0
\$2,500	\$5,900	\$27.50 + 2.04%	\$2,500
\$5,900	\$9,050	\$96.86 + 2.27%	\$5,900
\$9,050	\$12,300	\$168.37 + 2.64%	\$9,050
\$12,300		\$254.17 + 2.90%	\$12,300

- f. For an individual who is not a resident of this state for the entire year, or for a nonresident estate or trust, the tax is equal to the tax otherwise computed under this subsection multiplied by a fraction in which:

- (1) The numerator is the federal adjusted gross income allocable and apportionable to this state; and

- (2) The denominator is the federal adjusted gross income from all sources reduced by the net income from the amounts specified in subdivisions a and b of subsection 2.

In the case of married individuals filing a joint return, if one spouse is a resident of this state for the entire year and the other spouse is a nonresident for part or all of the tax year, the tax on the joint return must be computed under this subdivision.

- g. The tax commissioner shall prescribe new ~~rate schedules~~rates that apply in lieu of the ~~schedules~~rates set forth in subdivisions a through e. The new ~~schedules~~rates must be determined by increasing the ~~minimum and maximum~~North Dakota taxable income threshold dollar amounts ~~for each income bracket for which a tax is imposed~~ by the cost-of-living adjustment for the taxable year as determined by the secretary of the United States treasury for purposes of section 1(f) of the United States Internal Revenue Code of 1954, as amended. For this purpose, the rate applicable ~~to each income bracket~~ may not be changed, and the manner of applying the cost-of-living adjustment must be the same as that used for adjusting the income brackets for federal income tax purposes.
- h. The tax commissioner shall prescribe an optional simplified method of computing tax under this section that may be used by an individual taxpayer who is not entitled to claim an adjustment under subsection 2 or credit against income tax liability under subsection 7.

SECTION 4. A new subsection to section 57-38-30.3 of the North Dakota Century Code is created and enacted as follows:

If the actual general fund revenues exceed the estimated general fund revenues for the twelve-month period ending June thirtieth of an even-numbered year by at least ten percent as determined by the director of the office of management and budget, the rates under subsection 1 must be reduced by one-half percent for the subsequent tax year beginning after December thirty-first of an even-numbered year. The tax commissioner shall publish the reduced rates and notify taxpayers of the reduced rates by November first of an even-numbered year. The tax commissioner may determine the form and manner of publishing the reduced rates and notifying taxpayers, including any notification that taxpayers are not required to file returns or pay taxes. For purposes of this subsection:

- a. "Estimated general fund revenues" means the estimated general fund revenues, excluding the July first of an odd-numbered year general fund balance, as reflected in the cashflow forecast developed by the director of the office of management and budget based on the total estimated general fund revenues for the biennium approved by the most recently adjourned special or regular session of the legislative assembly.
- b. Any reductions to the rates under subsection 1 apply to tax years beginning after December 31, 2022.
- c. The rate reductions must be equally applied to all tax brackets.
- d. The reduced rates must be rounded to the nearest one-hundredth of a percent.
- e. This subsection does not limit or suspend any provision in chapter 57-38 which is not in conflict with this section, including provisions

for assessment and refund under sections 57-38-34.4, 57-38-38, and 57-38-40.

SECTION 5. EFFECTIVE DATE - EXPIRATION DATE. Section 1 of this Act is effective for the first taxable year beginning after December 31, 2023, and after that date is ineffective.

SECTION 6. EFFECTIVE DATE. Section 3 of this Act is effective for taxable years beginning after December 31, 2022. Section 2 of this Act becomes effective on July 1, 2024.

SECTION 7. EXPIRATION DATE. Section 2 of this Act is effective through June 30, 2025, and after that date is ineffective."

Renumber accordingly

TESTIMONY

SB 2066

SB 2066 Testimony

Chairman Kannianen and members of the Senate Finance and Taxation Committee, for the record my name is Brandt Dick, North Dakota Small Organized Schools (NDSOS) Board President, and North Dakota Association of School Administrators Legislative Focus Group finance chair. I am here to speak in support of SB 2066 with some considerations for this committee.

NDSOS and the Focus Group are supportive of the effort to provide property tax relief to the taxpayers of public-school districts across the state. School leaders realize that a major portion of each person's property tax does go towards the amount that the state sets forth for local effort in the State Funding Formula – presently 60 mills, and believe taxpayers would benefit from the change, provided that other taxing entities do not take advantage and raise their budgets since schools would be lowering their taxes requested-as the concern raised by Governor Burgum.

We are also supportive of the idea to convert the mills to a dollar amount for purposes of budgeting and asking for those dollars when budgets are submitted. Many of our school Superintendents and/or Business Managers already provide this conversion during the budget hearing process.

I have two considerations for this committee, and they both deal with the 5% yearly increase. One is for those districts that are below the 5% increase in taxable valuation, and the other is for those above the 5% taxable valuation increase. I believe an amendment will be presented that applies to this first situation. The amendment is needed to protect those school districts from having to levy more than the dollar amount the 30 mills would generate.

The second consideration I have for this committee is looking at what I have titled the W affect for West Fargo, Watford City, and Williston as examples of three districts who have experienced great taxable valuation growth the last 10 years and may well continue to see growth moving forward. The chart shows what would happen with the proposed 5% growth index if that district had a 10% growth in valuation every year. By the end of 2031, using \$100 million as a base taxable valuation, this "fictitious" W school district would have their deduction pushed down to 19.7 mills, and would cost the state an additional \$7 million compared to language that would deduct 30 mills converted to a dollar amount each year.

Property tax was the most common concern I have heard from taxpayers, and SB 2066 would provide tax relief to those taxpayers. I urge a Do Pass for SB 2066 with the considerations. I stand for any questions.

The W affect

Year	% Increase	Baseline Year TV	30 mill deduction + 5%	Mill Deduction Actual	If 30 mill
2022		\$100,000,000	\$3,000,000	30	
2023	10%	\$110,000,000	\$3,150,000	28.6	\$3,300,000
2024	10%	\$121,000,000	\$3,307,500	27.3	\$3,630,000
2025	10%	\$133,100,000	\$3,472,875	26.1	\$3,993,000
2026	10%	\$146,410,000	\$3,646,519	24.9	\$4,392,300
2027	10%	\$161,051,000	\$3,828,845	23.8	\$4,831,530
2028	10%	\$177,156,100	\$4,020,287	22.7	\$5,314,683
2029	10%	\$194,871,710	\$4,221,301	21.7	\$5,846,151
2030	10%	\$214,358,881	\$4,432,366	20.7	\$6,430,766
2031	10%	\$235,794,769	\$4,653,985	19.7	\$7,073,843
			\$37,733,678		\$44,812,274
				Difference	\$7,078,596



North Dakota Legislative Council

Prepared by the Legislative Council staff
LC# 23.9301.03000
December 2022

EXPLANATION OF BILL DRAFT [LC# 23.0073.03000] TO INCREASE STATE FUNDING FOR K-12 EDUCATION

This memorandum provides an explanation and estimated fiscal impact of bill draft [LC# 23.0073.03000], which provides increased state funding for K-12 education and a corresponding decrease in the amount a school district may levy for the costs of education.

The K-12 education funding formula was established to determine the base level of funding required to educate students. The formula provides a base level funding amount of \$10,136 per weighted student unit. A school district's weighted student units are calculated by adjusting the actual number of students in attendance in a district by a variety of other factors, including the size of the school district and the resources needed to educate students with special needs. The base level amount calculated for a school district under the formula is funded by a combination of state and local sources. The amount a school district is expected to contribute to its total base level formula amount equals 60 mills times the taxable valuation of the school district plus 75 percent of in lieu of property tax revenue in the district. The state is required to contribute the remaining amount a school district is entitled under the formula in the form of a state aid payment.

The bill draft decreases a school district's contribution of 60 mills times the taxable value of the school district to an amount equal to 30 mills times the school district's 2022 taxable value for taxable year 2023, and the school district's 2022 taxable value increased by 5 percent per year, beginning with taxable year 2024 and each year thereafter, which results in an estimated increase of \$332 million in education costs being assumed by the state for the 2023-25 biennium. To account for the increased cost of education being assumed by the state, the bill draft provides a corresponding reduction in the amount a school district may levy for the costs of education. The bill draft replaces a school district's 70-mill general fund levy authority with levy authority equal to the amount generated by 30 mills on a school district's 2022 taxable valuation for taxable year 2023, and the school district's 2022 taxable value increased by 5 percent per year, beginning with taxable year 2024 and each year thereafter, and a levy of 10 mills on the school district's current taxable valuation. The bill draft does not modify the amount a school district may levy for purposes other than general fund purposes.

The bill draft removes the language prohibiting a school district from levying more mills in dollars than it levied in the prior year, plus 12 percent, due to the large reduction in a school district's overall general fund levy authority. Tying a large portion of a school district's levy authority to the amount generated by a levy of 30 mills against a fixed taxable value that increases by 5 percent per year serves to impose a valuation cap on a large portion of a school district's overall levy authority, resulting in tax relief for taxpayers. The bill draft also removes a school district's option of calculating an alternative levy amount by using the highest amount levied in any of the 3 preceding taxable years, with adjustments, pursuant to North Dakota Century Code Section 57-15-01.1.

The bill draft modifies Section 57-20-07.3 to provide a credit against payments in lieu of taxes paid by centrally assessed companies, including rural electric cooperatives (RECs), in an amount equivalent to the amount realized from the mill levy reduction. This credit is in addition to the credit provided to RECs when the state assumed the payment of social services costs that were previously funded by up to 20 mills of property tax. The rural electric cooperatives are subject to payments in lieu of tax, rather than the standard property tax that applies to investor owned utilities (IOUs), so mill levy reductions are not automatically passed through to RECs in the manner in which they are passed through to IOUs. The credit provisions added to Section 57-20-07.3 are provided to keep RECs and IOUs on an equal playing field.

The bill draft modifies the information displayed on a taxpayer's property tax statement to include the additional legislatively provided tax relief and requires all taxing districts to express levy amounts in terms of dollars rather than mills when communicating with the public. The bill draft also repeals obsolete sections of law and updates references to 60 mills with the new 30-mill cap.

Intro for SB 2066 Senator Don Schaible

Good afternoon, Mr. Chairman and the rest of Finance and Tax Committee. For the record, I am Senator Don Schaible, District 31, here to introduce SB 2066. This bill is a property tax relief bill that is a continuation of the tax relief that we started in the 2013 sessions. This bill will provide property tax relief to about 25% of your total property tax bill which would provide \$327.5million to the residents of North Dakota. But this bill does much more than provide property tax, it is the first attempt to requires school boards to only discuss dollars when building their next year's budgets by using a last year's base line budget. Currently boards have the ability to see how much money they could receive from evaluation increases and then determine how much they could spend. It is the intent of this bill that requiring board to using a baseline budget when planning for the next years budget, it will provide more transparency to the patrons and provide discussion on spending before assessing property tax. I believe that by doing it this way will force board members to think about spending, to know that in most cases an increase in the base line budget is a property tax increase. It is also the hope that boards would justify the increased spending, to own that decision and to engage the patrons of the district before accessing more property tax. The bill also requires a limit on evaluation growth after that first year to a 5% maximum every after the first year. This is to prevent property tax creep which could happen by taking all of the evaluation growth of the assessed value.

To explain how this would work, I may have to explain a little bit of how the school funding formula works. Schools are mostly funded by the per pupil payment which is a combination of local contribution (property tax) and state contribution which is usually general fund and a verity of special fund like the Budget Stabilization fund or Foundation Aid Stabilization fund. The state requires a local school district to contribute 60mills of property tax money as the local contribution of the state plan. This provides that 10,236 per student for each student they educate. Of course, this is very simplified version of the funding formula but it show what the bill does.

The state has done several attempts to replace property tax contributions of local property tax with state funding. At one time local contribution was set at 180 mills. Imagine where your property tax bill would be today if you would use today's evaluation against 185 mills, the portion of school property tax would be triple of what you pay today. Well, the state did take over that level of funding from 185 mills to 110 mills, and then in 2013 on the last day of the session, the state decided to require local contribution of school districts to be 60 mills with the state providing that difference to the property owners. By replacing all of that local contribution with state money provides about \$1 billion of property tax relief every session. That is a lot of property tax relief which I would guess that most legislators would say that we don't get much recognition for that relief. I would bet that most property owners would say that they did receive some relief but that has been eaten up but evaluation increases or other political subdivision taking advantage of the relief that was given. That is why this bill also tries to address spending and to remove the reference to the use of mills.

I would now like to walk through the bill and would also like to apologize in advance for spending a fair amount of time going over school funding but that is what is necessary to explain this bill.

Sec 1 is deleted because the current funding formula has two effective dates on school funding and with this bill only one is needed and so the over struck lines on page 1. Through page 8. Is to eliminate the unneeded effective dates. The reference to the two effective dates are being merged by this bill and will be referenced in several sections of this bill.

Page 9, The changes on lines 3 through 4 is clean up language to clarify what is already in law and does not add any changes to the current law. I can go in more detail if needed.

The over struck language on page 12 is obsolete language that has already happened and is no longer necessary in century code

Page 13 is where we get into the real substance of the bill. Lines 26 through 30 clarifies the meaning of taxable valuation and clarifies that the taxable evaluation for 2022 is used as the starting base line reducing from 60mills to 30mills. From this point a dollar amount is what is used going forward. Lines 28 through 30 clarifies that every year after that the maximum amount of evaluation increase is limited to 5% growth starting with the 2024 year and every year thereafter.

The corrected language on page 14, lines 25 and 26 updates the language to the current year and confirming that the base year is 2022

In Sec 2 on page 15 line 19 references current language in law with the new language that we added on page 13 Lines 26 to 30

In sec 3 page 15 lines 27-29 is where we require school boards to communicate with dollars rather than mills.

Section 4 gave political sub an alternative way to calculate the amount of tax that was levied. This has been in existence law but the addition of subsection e. on page 16 line 22 and 23 removes school districts for that alternative method. It should not be necessary with this bill.

The changes in Sec 5 deals with an option schools have to assess 10 extra mills at their discretion. This has been in place since 2013 and you have maybe heard schools could assess 60 or 70 mills as local contribution. In reality we mandated 60 mill and schools had discretion to go to 70mills with a simple vote of the board. The changes here address the 30mill replacement by the state and still allows for the 10 mill discretion. The deletion of language on page 19, line 3 is in reference to the alternative calculation that we just refenced in section 4.

Update the base year to 2022 in line 15 and with the change on line 18 clarifies that they still have authority for the 10mill of discretionary authority.

Sec 6 is similar to what we have seen in the beginning of the bill which address two effective dates. With the changes suggested in this bill the effective date of through December 31, 2024 is unnecessary and is struck out on page 19, lines 29 - 30 and page 20 lines 1 – 27

The changes on page 20 lines 29 – 31 and page 21 lines 1 – 14 mirrors up the intent of the change this bill makes.

Section 7 is pertaining to our tax statement and the state attempt to provide more clarity to our tax payers. This changes in this section would provide information on the changes that this bill would make to property tax relating to school districts.

The changes on page 20 subsection 1 is the section that limited schools to 12% tax value growth and make the change for what would be the new local contribution amount of 30 mills which is limited to 5% evaluation growth. The added language is to mirror the same language that is in other sections of the bill.

This bill did not intend to give property tax relief to Centrally Assessed company's so the language in Sec 8 page 22 and 23 clarifies that.

Mr. Chairman before we get into questions, I would like to offer an amendment that was missed by me in the drafting of this bill.

23.0073.03001
Title.

Prepared by the Legislative Council staff for
Senator Schaible
January 9, 2023

PROPOSED AMENDMENTS TO SENATE BILL NO. 2066

Page 13, line 29, after the underscored comma insert "or the actual increase in taxable valuation, as compared to the previous year's taxable valuation calculation, whichever is less."

Page 21, line 5, after the underscored comma insert "or the actual increase in taxable valuation, as compared to the previous year's taxable valuation calculation, whichever is less."

Page 23, line 24, after the underscored comma insert "or the actual increase in taxable valuation, as compared to the previous year's taxable valuation calculation, whichever is less."

Renumber accordingly

Senate Finance and Taxation

Sen. Kannianen Chairman

Testimony on North Dakota Education Funding Formula – SB2066

Presented by Scott Davis, representing Belcourt School District #7, Ft. Yates Public School District, New Town Public School District

Greetings Sen. Kannianen and members of the Committee,

My name is Scott Davis. I am the former Executive Director of the ND Indian Affairs Commission, a post I held for 12 years. I now represent Belcourt School District #7, Ft. Yates Public School District, New Town Public School District.

I am here today in support of SB 2066 in that this Bill will give all North Dakotans an opportunity to address our property tax bill in providing property tax relief and just as important, to provide adequate funding for North Dakota school districts which include North Dakota public schools on Tribal Reservations.

This Bill reminds me an extension of what was done during the 2013 Legislative Session. Then, Governor Dalrymple in unison with the Legislative Body, passed a substantial property tax bill that aided local political subdivisions and school districts that included schools on Tribal Reservations.

What was added to that Bill at the time was to carve out a school funding formula for schools that have no or very limited tax base. The schools that we are addressing today exist on our Air Bases in Minot and Grand Forks, they also include schools in Belcourt, Ft. Totten, Ft. Yates and within the MHA Nation.

The intent of that Bill formula at that time was to get those schools on Transition Maximum. Since then, we've had a few budget shortfalls due to falling Oil prices, commodity prices and pandemic. So today, many of the schools are not there yet.

We believe with your support that SB 2066 will get our schools back on track regarding the Transition maximum formula and maintain current baseline funding rates and to continue to increase the (transition) maximum percentage in the next 2-4 years.

We also recognize that this property tax Bill is a little different from 2013 regarding utilizing local Mills verses a Cash value on property. This may or may not change the existing Funding Formula we created in 2013. If so, we feel very confident that we can work today with the Committee's, DPI and the Governors office in achieving the correct Funding Formula for our Schools.

Our team would be happy to sit down with Committee members as we move this Bill forward.

Mr. Chairman this concluded my testimony at this time, and I'd be happy to answer any questions.

Sincerely,

Scott Davis

SDavis and Associates



TURTLE MOUNTAIN COMMUNITY SCHOOL BELCOURT SCHOOL DISTRICT NO. 7

**PO Box 440
Belcourt, ND 58316-440
Phone: (701) 477-6471
Fax: (701) 477-6470**

We Are An Equal Opportunity Employer

January 18, 2023

Senate Finance and Taxation Committee
600 East Boulevard Avenue
Bismarck ND, 58505-0001

**Subject: Testimony on North Dakota Education Funding Formula – SB2066 Transition Maximum
By Duane Poitra, Belcourt School District #7 Business Manager**

Greetings Senate Finance and Taxation Committee Members,

I wish to once again provide testimony today in relation to support of SB2066 as it relates to the North Dakota Education funding formula, specifically on the "Transition Maximum" portion of the formula with "add-on" revenue as specified in the bill's draft language. Transition Maximum pertains to School Districts receiving less funding than calculated by the current funding formula.

Transition Maximum was established in the North Dakota Education funding formula back in the 2013 biennium as a funding formula mechanism to allow school districts that were "under formula", based on actual formula calculation, to "get on formula" at a reasonable pace; which was anticipated then to be no more than 6 - 8 years.

A baseline per pupil amount was determined in the 2013 biennium for each District affected by Transition Maximum that would be multiplied by a per pupil waiting factor of 110% to which the resulting weighted baseline per pupil amount would be multiplied by the weighted average daily membership (ADM) of the District to determine a maximum District payment amount.

If a district had a baseline per pupil payment rate less than the established per pupil payment rate for 2013-14, the district received a transition maximum adjustment to their formula calculation to prevent significant swings in district budgets due to a funding formula change.

The education funding formula would also determine a "normal" formula payment for Districts. The difference between the "normal" formula payment calculation and the maximum payment calculation is called the Transition Maximum Adjustment, which in the calculation is a deduction from the "normal" formula payment.

In the 2013 biennium, there were 41 Districts that were affected by Transition Maximum. The goal of a Transition Maximum Districts is to get on "normal" formula. As of the 2020-21 school year, there are 11 Transition Maximum Districts, of which 10 of the School Districts primarily serve a Native American population.

The aforementioned per pupil weighting factor is a very important factor in the formula; it was intended to increase each year by 10%; this has not been the case as the history of the weighting factor has been as follows:

110% for 2013-14;	120% for 2014-15;	130% for 2015-16;	140% for 2016-17;
140% for 2017-18;	140% for 2018-19;	105% for 2019-20;	110% for 2020-21;
110% for 2021-22;	110% for 2022-23.		

Please consider all other North Dakota school districts are either on formula or exceed the formula (transition minimum Districts). The total annual North Dakota education funding is approximately \$1 billion dollars per year. The funding needed to get these 11 school districts on formula is about \$10.7 million dollars per year.

I previously provided testimony during the 2021 ND Legislative Session suggesting transition maximum schools be placed on actual formula as soon as possible. I again offer testimony that the transition maximum schools get on formula in a reasonable amount of time that takes into consideration the intentions of the 2013 ND Legislative Session.

Therefore, I support SB2066 as this bill provides a means to get ALL the school districts affected by transition maximum on formula in a reasonable amount of time.

I thank you for your time and consideration on this important matter.

Chi Miigwech!

A handwritten signature in black ink that reads "Duane Poitra". The signature is written in a cursive style with a large, prominent initial "D".

Duane Poitra,
Business Manager
Belcourt School District #7

23.0073.03001
Title.

Prepared by the Legislative Council staff for
Senator Schaible
January 9, 2023

PROPOSED AMENDMENTS TO SENATE BILL NO. 2066

Page 13, line 29, after the underscored comma insert "or the actual increase in taxable valuation, as compared to the previous year's taxable valuation calculation, whichever is less."

Page 21, line 5, after the underscored comma insert "or the actual increase in taxable valuation, as compared to the previous year's taxable valuation calculation, whichever is less."

Page 23, line 24, after the underscored comma insert "or the actual increase in taxable valuation, as compared to the previous year's taxable valuation calculation, whichever is less."

Renumber accordingly

Hettinger Co

Tax Year 2022				
	Local Assd	Centr Assd	Total	Max Mill Levy: No Change to SB 2066
1 Taxable Value	14,618,233	825,140	15,443,373	15,443,373
2 70 GF Mill Levy	1,023,276	57,760	1,081,036	1,081,036
3 Total	1,023,276	57,760	1,081,036	1,081,036
4 Mill Rate	70	70	70	70

Tax Year 2023				
	Local Assd	Centr Assd	Total	
5 Taxable Value	15,080,169	888,511	15,968,680	15,968,680
6 40 mills X 2022 TV	584,729		584,729	1,117,808
7 60 mills X CA		53,311	53,311	
8 10 mills X Local & Centr Assd	150,802	8,885	159,687	
9 Total	735,531	62,196	797,727	1,117,808
10 Mill Rate	48.77	70	49.96	70

*2023 Levy Calculated using 2022 TV

Tax Year 2024				
	Local Assd	Centr Assd	Total	
11 Taxable Value	15,396,853	918,632	16,315,485	16,315,485
12 40 Mills (Max 5% Increase)	597,009		597,009	1,142,084 2.10%
13 60 mills X CA		55,118	55,118	
14 10 mills X Local & Centr Assd	153,969	9,186	163,155	
15 Total	750,977	64,304	815,281	1,142,084
16 Mill Rate	48.77	70	49.97	70

*2024 Levy Calculated using +5% Max Value

Tax Year 2025				
	Local Assd	Centr Assd	Total	
17 Taxable Value	15,181,297	1,032,175	16,213,472	16,213,472
18 40 Mills (Max 5% Increase)	597,009		597,009	1,142,084 0.00%
19 60 mills X CA		61,931	61,931	
20 10 mills X Local & Centr Assd	151,813	10,322	162,135	
21 Total	748,822	72,252	821,074	1,142,084
22 Mill Rate	49.33	70	50.64	70.44

*2025 Maximum is calculated using Local Assd Value

Tax Year 2026				
	Local Assd	Centr Assd	Total	
23 Taxable Value	15,981,351	1,100,815	17,082,166	17,082,166
24 40 Mills (Max 5% Increase)	626,859		626,859	1,195,752 5.00%
25 60 mills X CA		66,049	66,049	
26 10 mills X Local & Centr Assd	159,814	11,008	170,822	
27 Total	786,673	77,057	863,730	1,195,752
28 Mill Rate	49.22	70	50.56	70

	Hettinger Co	Locally Assessed	% Change	Centrally Assessed	% Change	Total Tax Value	% Change
A1	2016	13,392,406.00		521,877.00		13,914,283.00	
A2	2017	13,816,201.00	3.16%	561,932.00	7.68%	14,378,133.00	3.33%
A3	2018	14,106,679.00	2.10%	580,966.00	3.39%	14,687,645.00	2.15%
A4	2019	13,908,775.00	-1.40%	652,775.00	12.36%	14,561,550.00	-0.86%
A5	2020	14,642,086.00	5.27%	696,170.00	6.65%	15,338,256.00	5.33%

	West Fargo	Locally Assessed	% Change 2016-2020	Centrally Assessed	% Change 2016-2020	Total Tax Value	% Change 2016-2020
B1	2022	14,618,233.00		825,140.00		15,443,373.00	
B2	2023	15,080,169.00	3.16%	888,511.00	7.68%	15,968,680.00	3.40%
B3	2024	15,396,853.00	2.10%	918,632.00	3.39%	16,315,485.00	2.17%
B4	2025	15,181,297.00	-1.40%	1,032,175.00	12.36%	16,213,472.00	-0.63%
B5	2026	15,981,351.00	5.27%	1,100,815.00	6.65%	17,082,166.00	5.36%

GF Mill Levy
70

Hettinger Co

Funding Formula
Increase

	W/O SB 2066	Total Adjusted Formula	Contribution From In Lieu	Contribution From Property Tax	State Aid
C1	2022-23	3,633,418	308,123	922,407	2,402,888
C2	2023-24	3,778,755	308,123	926,602	2,544,029
C3	2024-25	3,929,905	308,123	958,121	2,663,661
C4	2025-26	4,087,101	308,123	978,929	2,800,049
C5	2026-27	4,250,585	308,123	972,808	2,969,654

4%

	With SB 2066	Total Adjusted Formula	Contribution From In Lieu	Contribution From Property Tax	State Aid
D1	2022-23	3,633,418	308,123	922,407	2,402,888
D2	2023-24	3,778,755	308,123	642,489	2,828,143
D3	2024-25	3,929,905	308,123	638,040	2,983,742
D4	2025-26	4,087,101	308,123	652,127	3,126,851
D5	2026-27	4,250,585	308,123	658,939	3,283,523

McKenzie County

Tax Year 2022				
	Local Assd	Centr Assd	Total	Max Mill Levy: No Change to SB 2066
1 Taxable Value	141,288,868	141,288,868	282,577,736	282,577,736
2 46.13 GF Mill Levy	6,517,655	6,517,655	13,035,311	13,035,311
3 Total	6,517,655	6,517,655	13,035,311	13,035,311
4 Mill Rate	46.13	46.13	46.13	46.13

Tax Year 2023				
	Local Assd	Centr Assd	Total	
5 Taxable Value	194,187,420	218,757,554	412,944,974	412,944,974
6 40 mills X <u>2022</u> TV	5,651,555		5,651,555	14,599,548
7 60 mills X CA		13,125,453	13,125,453	
8 10 mills X Local & Centr Assd	1,941,874	2,187,576	4,129,450	
9 Total	7,593,429	15,313,029	22,906,458	14,599,548
10 Mill Rate	39.1	70	55.47	35.35

*2023 Levy Calculated using 2022 TV

Tax Year 2024				
	Local Assd	Centr Assd	Total	
11 Taxable Value	189,565,759	219,829,466	409,395,225	409,395,225
12 40 Mills (Max 5% Increase)	5,651,555		5,651,555	16,351,494 0.00%
13 60 mills X CA		13,189,768	13,189,768	
14 10 mills X Local & Centr Assd	1,895,658	2,198,295	4,093,952	
15 Total	7,547,212	15,388,063	22,935,275	16,351,494
16 Mill Rate	39.81	70	56.02	39.94

*2024 Levy Calculated using +5% Max Value

Tax Year 2025				
	Local Assd	Centr Assd	Total	
17 Taxable Value	222,417,505	264,762,609	487,180,114	487,180,114
18 40 Mills (Max 5% Increase)	5,934,132		5,934,132	18,313,673 5.00%
19 60 mills X CA		15,885,757	15,885,757	
20 10 mills X Local & Centr Assd	2,224,175	2,647,626	4,871,801	
21 Total	8,158,308	18,533,383	26,691,690	18,313,673
22 Mill Rate	36.68	70	54.79	37.59

*2025 Maximum is calculated using Local Assd Value

Tax Year 2026				
	Local Assd	Centr Assd	Total	
23 Taxable Value	276,175,816	302,226,518	578,402,334	578,402,334
24 40 Mills (Max 5% Increase)	6,230,839		6,230,839	20,511,314 5.00%
25 60 mills X CA		18,133,591	18,133,591	
26 10 mills X Local & Centr Assd	2,761,758	3,022,265	5,784,023	
27 Total	8,992,597	21,155,856	30,148,453	20,511,314
28 Mill Rate	32.56	70	52.12	35.46

	McKenzie Count	Locally Assessed	% Change	Centrally Assessed	% Change	Total Tax Value	% Change
A1	2016	64,644,017.00		64,880,000.00		129,524,017.00	
A2	2017	88,848,095.00	37.44%	100,452,842.00	54.83%	189,300,937.00	46.15%
A3	2018	86,734,155.00	-2.38%	100,949,972.00	0.49%	187,684,127.00	-0.85%
A4	2019	101,765,122.00	17.33%	121,587,167.00	20.44%	223,352,289.00	19.00%
A5	2020	126,361,325.00	24.17%	138,791,763.00	14.15%	265,153,088.00	18.72%

	West Fargo	Locally Assessed	% Change 2016-2020	Centrally Assessed	% Change 2016-2020	Total Tax Value	% Change 2016-2020	GF Mill Levy
B1	2022	141,288,868.00		141,288,868.00		282,577,736.00		46.13
B2	2023	194,187,420.00	37.44%	218,757,554.00	54.83%	412,944,974.00	46.13%	
B3	2024	189,565,759.00	-2.38%	219,829,466.00	0.49%	409,395,225.00	-0.86%	
B4	2025	222,417,505.00	17.33%	264,762,609.00	20.44%	487,180,114.00	19.00%	
B5	2026	276,175,816.00	24.17%	302,226,518.00	14.15%	578,402,334.00	18.72%	

McKenzie County

Funding Formula Increase

	W/O SB 2066	Total Adjusted Formula	Contribution From In Lieu	Contribution From Property Tax	State Aid
C1	2022-23	21,908,716	4,969,824	11,350,852	5,588,039
C2	2023-24	24,099,587	4,969,824	15,257,980	3,871,782
C3	2024-25	26,509,546	4,969,824	23,239,146	-
C4	2025-26	29,160,501	4,969,824	24,563,714	-
C5	2026-27	32,076,551	4,969,824	29,230,807	-

10%

	With SB 2066	Total Adjusted Formula	Contribution From In Lieu	Contribution From Property Tax	State Aid
D1	2022-23	21,908,716	4,969,824	11,350,852	5,588,039
D2	2023-24	24,099,587	4,969,824	12,169,210	6,960,552
D3	2024-25	26,509,546	4,969,824	18,777,008	2,762,714
D4	2025-26	29,160,501	4,969,824	18,841,323	5,349,354
D5	2026-27	32,076,551	4,969,824	21,819,889	5,286,838

South Heart

Tax Year 2022				
	Local Assd	Centr Assd	Total	Max Mill Levy: No Change to SB 2066
1 Taxable Value	18,669,185	2,439,036	21,108,221	21,108,221
2 57.73 GF Mill Levy	1,077,772	140,806	1,218,578	1,218,578
3 Total	1,077,772	140,806	1,218,578	1,218,578
4 Mill Rate	57.73	57.73	57.73	57.73

Tax Year 2023				
	Local Assd	Centr Assd	Total	
5 Taxable Value	12,338,464	2,439,036	14,777,500	14,777,500
6 40 mills X <u>2022</u> TV	746,767		746,767	1,218,578
7 60 mills X CA		146,342	146,342	
8 10 mills X Local & Centr Assd	123,385	24,390	147,775	
9 Total	870,152	170,733	1,040,885	1,218,578
10 Mill Rate	70.52	70	70.44	82.46

*2023 Levy Calculated using 2022 TV

Tax Year 2024				
	Local Assd	Centr Assd	Total	
11 Taxable Value	9,770,830	2,439,036	12,209,866	12,209,866
12 40 Mills (Max 5% Increase)	746,767		746,767	1,218,578 0.00%
13 60 mills X CA		146,342	146,342	
14 10 mills X Local & Centr Assd	97,708	24,390	122,099	
15 Total	844,476	170,733	1,015,208	1,218,578
16 Mill Rate	86.43	70	83.15	99.8

*2024 Levy Calculated using +5% Max Value

Tax Year 2025				
	Local Assd	Centr Assd	Total	
17 Taxable Value	9,763,013	2,326,840	12,089,853	12,089,853
18 40 Mills (Max 5% Increase)	746,767		746,767	1,218,578 0.00%
19 60 mills X CA		139,610	139,610	
20 10 mills X Local & Centr Assd	97,630	23,268	120,899	
21 Total	844,398	162,879	1,007,276	1,218,578
22 Mill Rate	86.49	70	83.32	100.79

*2025 Maximum is calculated using Local Assd Value

Tax Year 2026				
	Local Assd	Centr Assd	Total	
23 Taxable Value	10,416,159	2,952,760	13,368,919	13,368,919
24 40 Mills (Max 5% Increase)	784,106		784,106	1,218,578 5.00%
25 60 mills X CA		177,166	177,166	
26 10 mills X Local & Centr Assd	104,162	29,528	133,689	
27 Total	888,267	206,693	1,094,961	1,218,578
28 Mill Rate	85.28	70	81.9	91.15

	South Heart	Locally Assessed	% Change	Centrally Assessed	% Change	Total Tax Value	% Change
A1	2016	28,437,313.00		-		28,437,313.00	
A2	2017	18,793,360.00	-33.91%	-	#DIV/0!	18,793,360.00	-33.91%
A3	2018	14,883,028.00	-20.81%	2,534,745.00	#DIV/0!	17,417,773.00	-7.32%
A4	2019	14,871,372.00	-0.08%	2,418,218.00	-4.60%	17,289,590.00	-0.74%
A5	2020	15,867,004.00	6.69%	3,068,705.00	26.90%	18,935,709.00	9.52%

	West Fargo	Locally Assessed	% Change 2016-2020	Centrally Assessed	% Change 2016-2020	Total Tax Value	% Change 2016-2020
B1	2022	18,669,185.00		2,439,036.00		21,108,221.00	
B2	2023	12,338,464.00	-33.91%	2,439,036.00	0.00%	14,777,500.00	-29.99%
B3	2024	9,770,830.00	-20.81%	2,439,036.00	0.00%	12,209,866.00	-17.38%
B4	2025	9,763,013.00	-0.08%	2,326,840.00	-4.60%	12,089,853.00	-0.98%
B5	2026	10,416,159.00	6.69%	2,952,760.00	26.90%	13,368,919.00	10.58%

GF Mill Levy
57.73

South Heart

Funding Formula
Increase

	W/O SB 2066	Total Adjusted Formula	Contribution From In Lieu	Contribution From Property Tax	State Aid
C1	2022-23	4,490,460	438,787	1,296,462	2,755,212
C2	2023-24	4,759,888	438,787	1,266,493	3,054,608
C3	2024-25	5,045,481	438,787	886,650	3,720,044
C4	2025-26	5,348,210	438,787	732,592	4,176,831
C5	2026-27	5,669,103	438,787	725,391	4,504,925

6%

	With SB 2066	Total Adjusted Formula	Contribution From In Lieu	Contribution From Property Tax	State Aid
D1	2022-23	4,490,460	438,787	1,296,462	2,755,212
D2	2023-24	4,759,888	438,787	887,573	3,433,528
D3	2024-25	5,045,481	438,787	893,110	3,713,585
D4	2025-26	5,348,210	438,787	893,110	4,016,314
D5	2026-27	5,669,103	438,787	886,378	4,343,938

Mott-Regent

Tax Year 2022				
	Local Assd	Centr Assd	Total	Max Mill Levy: No Change to SB 2066
1 Taxable Value	15,642,373	965,248	16,607,621	16,607,621
2 69.02 GF Mill Levy	1,079,637	66,621	1,146,258	1,146,258
3 Total	1,079,637	66,621	1,146,258	1,146,258
4 Mill Rate	69.02	69.02	69.02	69.02

Tax Year 2023				
	Local Assd	Centr Assd	Total	
5 Taxable Value	16,562,145	1,005,306	17,567,451	17,567,451
6 40 mills X 2022 TV	625,695		625,695	1,229,722
7 60 mills X CA		60,318	60,318	
8 10 mills X Local & Centr Assd	165,621	10,053	175,675	
9 Total	791,316	70,371	861,688	1,229,722
10 Mill Rate	47.78	70	49.05	70

*2023 Levy Calculated using 2022 TV

Tax Year 2024				
	Local Assd	Centr Assd	Total	
11 Taxable Value	16,928,168	1,022,095	17,950,263	17,950,263
12 40 Mills (Max 5% Increase)	639,523		639,523	2,256,518
13 60 mills X CA		61,326	61,326	
14 10 mills X Local & Centr Assd	169,282	10,221	179,503	
15 Total	808,804	71,547	880,351	2,256,518
16 Mill Rate	47.78	70	49.04	70

*2024 Levy Calculated using +5% Max Value

Tax Year 2025				
	Local Assd	Centr Assd	Total	
17 Taxable Value	16,923,090	1,268,624	18,191,714	18,191,714
18 40 Mills (Max 5% Increase)	639,523		639,523	2,273,420
19 60 mills X CA		76,117	76,117	
20 10 mills X Local & Centr Assd	169,231	12,686	181,917	
21 Total	808,754	88,804	897,557	2,273,420
22 Mill Rate	47.79	70	49.34	70

*2025 Maximum is calculated using Local Assd Value

Tax Year 2026				
	Local Assd	Centr Assd	Total	
23 Taxable Value	15,645,397	1,142,650	16,788,047	16,788,047
24 40 Mills (Max 5% Increase)	639,523		639,523	2,273,420
25 60 mills X CA		68,559	68,559	
26 10 mills X Local & Centr Assd	156,454	11,427	167,880	
27 Total	795,977	79,986	875,962	2,273,420
28 Mill Rate	50.88	70	52.18	75.85

2.21%

0.00%

0.00%

	Mott-Regent	Locally Assessed	% Change	Centrally Assessed	% Change	Total Tax Value	% Change
A1	2016	16,419,756.00		1,113,967.00		17,533,723.00	
A2	2017	17,385,652.00	5.88%	1,160,250.00	4.15%	18,545,902.00	5.77%
A3	2018	17,770,624.00	2.21%	1,179,629.00	1.67%	18,950,253.00	2.18%
A4	2019	17,764,853.00	-0.03%	1,464,206.00	24.12%	19,229,059.00	1.47%
A5	2020	16,423,943.00	-7.55%	1,318,740.00	-9.93%	17,742,683.00	-7.73%

	West Fargo	Locally Assessed	% Change 2016-2020	Centrally Assessed	% Change 2016-2020	Total Tax Value	% Change 2016-2020	GF Mill Levy
B1	2022	15,642,373.00		965,248.00		16,607,621.00		69.02
B2	2023	16,562,145.00	5.88%	1,005,306.00	4.15%	17,567,451.00	5.78%	
B3	2024	16,928,168.00	2.21%	1,022,095.00	1.67%	17,950,263.00	2.18%	
B4	2025	16,923,090.00	-0.03%	1,268,624.00	24.12%	18,191,714.00	1.35%	
B5	2026	15,645,397.00	-7.55%	1,142,650.00	-9.93%	16,788,047.00	-7.72%	

Mott-Regent

Funding Formula Increase

	W/O SB 2066	Total Adjusted Formula	Contribution From In Lieu	Contribution From Property Tax	State Aid
C1	2022-23	3,303,801	23,200	1,056,528	2,224,072
C2	2023-24	3,402,915	23,200	996,457	2,383,257
C3	2024-25	3,505,002	23,200	1,054,047	2,427,755
C4	2025-26	3,610,152	23,200	1,077,016	2,509,936
C5	2026-27	3,718,457	23,200	1,091,503	2,603,754

3%

	With SB 2066	Total Adjusted Formula	Contribution From In Lieu	Contribution From Property Tax	State Aid
D1	2022-23	3,303,801	23,200	1,056,528	2,224,072
D2	2023-24	3,402,915	23,200	692,316	2,687,398
D3	2024-25	3,505,002	23,200	686,013	2,795,788
D4	2025-26	3,610,152	23,200	700,848	2,886,103
D5	2026-27	3,718,457	23,200	715,640	2,979,616

Montpelier

Tax Year 2022				
	Local Assd	Centr Assd	Total	Max Mill Levy: No Change to SB 2066
1 Taxable Value	7,186,193	117,152	7,303,345	7,303,345
2 69.13 GF Mill Levy	496,782	8,099	504,880	504,880
3 Total	496,782	8,099	504,880	504,880
4 Mill Rate	69.13	69.13	69.13	69.13

Tax Year 2023				
	Local Assd	Centr Assd	Total	
5 Taxable Value	7,321,293	120,585	7,441,878	7,441,878
6 40 mills X 2022 TV	287,448		287,448	520,931
7 60 mills X CA		7,235	7,235	
8 10 mills X Local & Centr Assd	73,213	1,206	74,419	
9 Total	360,661	8,441	369,102	520,931
10 Mill Rate	49.26	70	49.6	70

**2023 Levy Calculated using 2022 TV*

Tax Year 2024				
	Local Assd	Centr Assd	Total	
11 Taxable Value	7,635,376	146,607	7,781,983	7,781,983
12 40 Mills (Max 5% Increase)	299,779		299,779	544,739
13 60 mills X CA		8,796	8,796	
14 10 mills X Local & Centr Assd	76,354	1,466	77,820	
15 Total	376,133	10,262	386,395	544,739
16 Mill Rate	49.26	70	49.65	70

4.29%

**2024 Levy Calculated using +5% Max Value*

Tax Year 2025				
	Local Assd	Centr Assd	Total	
17 Taxable Value	7,988,130	129,161	8,117,291	8,117,291
18 40 Mills (Max 5% Increase)	313,629		313,629	568,210
19 60 mills X CA		7,750	7,750	
20 10 mills X Local & Centr Assd	79,881	1,292	81,173	
21 Total	393,510	9,041	402,552	568,210
22 Mill Rate	49.26	70	49.59	70

4.62%

**2025 Maximum is calculated using Local Assd Value*

Tax Year 2026				
	Local Assd	Centr Assd	Total	
23 Taxable Value	8,349,992	146,081	8,496,073	8,496,073
24 40 Mills (Max 5% Increase)	327,836		327,836	594,725
25 60 mills X CA		8,765	8,765	
26 10 mills X Local & Centr Assd	83,500	1,461	84,961	
27 Total	411,336	10,226	421,562	594,725
28 Mill Rate	49.26	70	49.62	70

4.53%

	Montpelier	Locally Assessed	% Change	Centrally Assessed	% Change	Total Tax Value	% Change
A1	2016	5,996,266.00		98,879.00		6,095,145.00	
A2	2017	6,108,886.00	1.88%	101,779.00	2.93%	6,210,665.00	1.90%
A3	2018	6,371,119.00	4.29%	123,746.00	21.58%	6,494,865.00	4.58%
A4	2019	6,665,443.00	4.62%	109,025.00	-11.90%	6,774,468.00	4.30%
A5	2020	6,967,120.00	4.53%	123,311.00	13.10%	7,090,431.00	4.66%

	West Fargo	Locally Assessed	% Change 2016-2020	Centrally Assessed	% Change 2016-2020	Total Tax Value	% Change 2016-2020
B1	2022	7,186,193.00		117,152.00		7,303,345.00	
B2	2023	7,321,293.00	1.88%	120,585.00	2.93%	7,441,878.00	1.90%
B3	2024	7,635,376.00	4.29%	146,607.00	21.58%	7,781,983.00	4.57%
B4	2025	7,988,130.00	4.62%	129,161.00	-11.90%	8,117,291.00	4.31%
B5	2026	8,349,992.00	4.53%	146,081.00	13.10%	8,496,073.00	4.67%

GF Mill Levy
69.13

Montpelier

Funding Formula
Increase

	W/O SB 2066	Total Adjusted Formula	Contribution From In Lieu	Contribution From Property Tax	State Aid
C1	2022-23	1,767,828	8,698	431,011	1,328,118
C2	2023-24	1,820,862	8,698	438,201	1,373,963
C3	2024-25	1,875,488	8,698	446,513	1,420,277
C4	2025-26	1,931,753	8,698	466,919	1,456,136
C5	2026-27	1,989,706	8,698	487,037	1,493,970

3%

	With SB 2066	Total Adjusted Formula	Contribution From In Lieu	Contribution From Property Tax	State Aid
D1	2022-23	1,767,828	8,698	431,011	1,328,118
D2	2023-24	1,820,862	8,698	295,546	1,516,617
D3	2024-25	1,875,488	8,698	294,683	1,572,107
D4	2025-26	1,931,753	8,698	308,576	1,614,479
D5	2026-27	1,989,706	8,698	321,379	1,659,629

Velva

Tax Year 2022				
	Local Assd	Centr Assd	Total	Max Mill Levy: No Change to SB 2066
1 Taxable Value	15,771,414	1,525,180	17,296,594	17,296,594
2 63 GF Mill Levy	993,599	96,086	1,089,685	1,089,685
3 Total	993,599	96,086	1,089,685	1,089,685
4 Mill Rate	63	63	63	63

Tax Year 2023				
	Local Assd	Centr Assd	Total	
5 Taxable Value	15,943,322	1,540,889	17,484,211	17,484,211
6 40 mills X 2022 TV	630,857		630,857	1,220,448
7 60 mills X CA		92,453	92,453	
8 10 mills X Local & Centr Assd	159,433	15,409	174,842	
9 Total	790,290	107,862	898,152	1,220,448
10 Mill Rate	49.57	70	51.37	69.8

*2023 Levy Calculated using 2022 TV

Tax Year 2024				
	Local Assd	Centr Assd	Total	
11 Taxable Value	16,420,027	1,854,460	18,274,487	18,274,487
12 40 Mills (Max 5% Increase)	649,719		649,719	1,279,214
13 60 mills X CA		111,268	111,268	
14 10 mills X Local & Centr Assd	164,200	18,545	182,745	
15 Total	813,919	129,812	943,732	1,279,214
16 Mill Rate	49.57	70	51.64	70

*2024 Levy Calculated using +5% Max Value

Tax Year 2025				
	Local Assd	Centr Assd	Total	
17 Taxable Value	16,671,253	2,633,333	19,304,586	19,304,586
18 40 Mills (Max 5% Increase)	659,660		659,660	1,351,321
19 60 mills X CA		158,000	158,000	
20 10 mills X Local & Centr Assd	166,713	26,333	193,046	
21 Total	826,372	184,333	1,010,706	1,351,321
22 Mill Rate	49.57	70	52.36	70

*2025 Maximum is calculated using Local Assd Value

Tax Year 2026				
	Local Assd	Centr Assd	Total	
23 Taxable Value	17,296,425	2,779,746	20,076,171	20,076,171
24 40 Mills (Max 5% Increase)	684,397		684,397	1,405,332
25 60 mills X CA		166,785	166,785	
26 10 mills X Local & Centr Assd	172,964	27,797	200,762	
27 Total	857,361	194,582	1,051,944	1,405,332
28 Mill Rate	49.57	70	52.4	70

2.99%

1.53%

3.75%

	Velva	Locally Assessed	% Change	Centrally Assessed	% Change	Total Tax Value	% Change
A1	2016	15,147,686.00		1,254,400.00		16,402,086.00	
A2	2017	15,313,499.00	1.09%	1,267,329.00	1.03%	16,580,828.00	1.09%
A3	2018	15,771,414.00	2.99%	1,525,180.00	20.35%	17,296,594.00	4.32%
A4	2019	16,012,612.00	1.53%	2,165,806.00	42.00%	18,178,418.00	5.10%
A5	2020	16,613,047.00	3.75%	2,286,265.00	5.56%	18,899,312.00	3.97%

	West Fargo	Locally Assessed	% Change 2016-2020	Centrally Assessed	% Change 2016-2020	Total Tax Value	% Change 2016-2020
B1	2022	15,771,414.00		1,525,180.00		17,296,594.00	
B2	2023	15,943,322.00	1.09%	1,540,889.00	1.03%	17,484,211.00	1.08%
B3	2024	16,420,027.00	2.99%	1,854,460.00	20.35%	18,274,487.00	4.52%
B4	2025	16,671,253.00	1.53%	2,633,333.00	42.00%	19,304,586.00	5.64%
B5	2026	17,296,425.00	3.75%	2,779,746.00	5.56%	20,076,171.00	4.00%

GF Mill Levy 63

Velva

Funding Formula Increase

	W/O SB 2066	Total Adjusted Formula	Contribution From In Lieu	Contribution From Property Tax	State Aid
C1	2022-23	5,245,951	357,713	1,174,647	3,713,591
C2	2023-24	5,403,329	357,713	1,037,796	4,007,820
C3	2024-25	5,565,429	357,713	1,049,053	4,158,663
C4	2025-26	5,732,392	357,713	1,096,469	4,278,210
C5	2026-27	5,904,364	357,713	1,158,275	4,388,376

3%

	With SB 2066	Total Adjusted Formula	Contribution From In Lieu	Contribution From Property Tax	State Aid
D1	2022-23	5,245,951	357,713	1,174,647	3,713,591
D2	2023-24	5,403,329	357,713	726,943	4,318,673
D3	2024-25	5,565,429	357,713	723,310	4,484,406
D4	2025-26	5,732,392	357,713	760,987	4,613,692
D5	2026-27	5,904,364	357,713	817,660	4,728,991

Bismarck

Tax Year 2022				
	Local Assd	Centr Assd	Total	Max Mill Levy: No Change to SB 2066
1 Taxable Value	568,677,468	6,795,009	575,472,477	575,472,477
2 70 GF Mill Levy	39,807,423	475,651	40,283,073	40,283,073
3 Total	39,807,423	475,651	40,283,073	40,283,073
4 Mill Rate	70	70	70	70

Tax Year 2023				
	Local Assd	Centr Assd	Total	
5 Taxable Value	582,439,463	7,225,813	589,665,276	589,665,276
6 40 mills X 2022 TV	22,747,099		22,747,099	41,276,569
7 60 mills X CA		433,549	433,549	
8 10 mills X Local & Centr Assd	5,824,395	72,258	5,896,653	
9 Total	28,571,493	505,807	29,077,300	41,276,569
10 Mill Rate	49.05	70	49.31	70

*2023 Levy Calculated using 2022 TV

Tax Year 2024				
	Local Assd	Centr Assd	Total	
11 Taxable Value	594,612,448	7,610,949	602,223,397	602,223,397
12 40 Mills (Max 5% Increase)	23,222,513		23,222,513	42,155,638
13 60 mills X CA		456,657	456,657	
14 10 mills X Local & Centr Assd	5,946,124	76,109	6,022,234	
15 Total	29,168,638	532,766	29,701,404	42,155,638
16 Mill Rate	49.05	70	49.32	70

*2024 Levy Calculated using +5% Max Value

Tax Year 2025				
	Local Assd	Centr Assd	Total	
17 Taxable Value	617,861,795	8,279,190	626,140,985	626,140,985
18 40 Mills (Max 5% Increase)	24,130,513		24,130,513	43,829,869
19 60 mills X CA		496,751	496,751	
20 10 mills X Local & Centr Assd	6,178,618	82,792	6,261,410	
21 Total	30,309,131	579,543	30,888,675	43,829,869
22 Mill Rate	49.05	70	49.33	70

*2025 Maximum is calculated using Local Assd Value

Tax Year 2026				
	Local Assd	Centr Assd	Total	
23 Taxable Value	638,560,165	8,079,662	646,639,827	646,639,827
24 40 Mills (Max 5% Increase)	24,938,886		24,938,886	45,264,788
25 60 mills X CA		484,780	484,780	
26 10 mills X Local & Centr Assd	6,385,602	80,797	6,466,398	
27 Total	31,324,487	565,576	31,890,064	45,264,788
28 Mill Rate	49.05	70	49.32	70

2.09%

3.91%

3.35%

	Bismarck	Locally Assessed	% Change	Centrally Assessed	% Change	Total Tax Value	% Change
A1	2017	463,359,797.00		6,080,845.00		469,440,642.00	
A2	2018	474,592,267.00	2.42%	6,466,219.00	6.34%	481,058,486.00	2.47%
A3	2019	484,493,257.00	2.09%	6,811,180.00	5.33%	491,304,437.00	2.13%
A4	2020	503,427,319.00	3.91%	7,409,060.00	8.78%	510,836,379.00	3.98%
A5	2021	520,311,314.00	3.35%	7,230,212.00	-2.41%	527,541,526.00	3.27%

	West Fargo	Locally Assessed	% Change 2016-2020	Centrally Assessed	% Change 2016-2020	Total Tax Value	% Change 2016-2020
B1	2022	568,677,468.00		6,795,009.00		575,472,477.00	
B2	2023	582,439,463.00	2.42%	7,225,813.00	6.34%	589,665,276.00	2.47%
B3	2024	594,612,448.00	2.09%	7,610,949.00	5.33%	602,223,397.00	2.13%
B4	2025	617,861,795.00	3.91%	8,279,190.00	8.78%	626,140,985.00	3.97%
B5	2026	638,560,165.00	3.35%	8,079,662.00	-2.41%	646,639,827.00	3.27%

GF Mill Levy
70

Bismarck

Funding Formula
Increase

	W/O SB 2066	Total Adjusted Formula	Contribution From In Lieu	Contribution From Property Tax	State Aid
C1	2022-23	158,619,142	1,023,459	31,234,625	126,361,057
C2	2023-24	168,136,290	1,023,459	34,528,349	132,584,483
C3	2024-25	178,224,467	1,023,459	35,379,917	141,821,092
C4	2025-26	188,917,935	1,023,459	36,133,404	151,761,072
C5	2026-27	200,253,011	1,023,459	37,568,459	161,661,093

6%

	With SB 2066	Total Adjusted Formula	Contribution From In Lieu	Contribution From Property Tax	State Aid
D1	2022-23	158,619,142	1,023,459	31,234,625	126,361,057
D2	2023-24	168,136,290	1,023,459	23,222,749	143,890,082
D3	2024-25	178,224,467	1,023,459	23,180,648	154,020,361
D4	2025-26	188,917,935	1,023,459	23,679,170	164,215,306
D5	2026-27	200,253,011	1,023,459	24,627,265	174,602,288

Dickinson

Tax Year 2022				
	Local Assd	Centr Assd	Total	Max Mill Levy: No Change to SB 2066
1 Taxable Value	154,235,534	3,381,421	157,616,955	157,616,955
2 70 GF Mill Levy	10,796,487	236,699	11,033,187	11,033,187
3 Total	10,796,487	236,699	11,033,187	11,033,187
4 Mill Rate	70	70	70	70

Tax Year 2023				
	Local Assd	Centr Assd	Total	
5 Taxable Value	146,539,181	3,381,421	149,920,602	149,920,602
6 40 mills X 2022 TV	6,169,421		6,169,421	11,033,187
7 60 mills X CA		202,885	202,885	
8 10 mills X Local & Centr Assd	1,465,392	33,814	1,499,206	
9 Total	7,634,813	236,699	7,871,513	11,033,187
10 Mill Rate	52.1	70	52.5	73.59

*2023 Levy Calculated using 2022 TV

Tax Year 2024				
	Local Assd	Centr Assd	Total	
11 Taxable Value	132,661,921	3,381,421	136,043,342	136,043,342
12 40 Mills (Max 5% Increase)	6,169,421		6,169,421	11,033,187
13 60 mills X CA		202,885	202,885	
14 10 mills X Local & Centr Assd	1,326,619	33,814	1,360,433	
15 Total	7,496,041	236,699	7,732,740	11,033,187
16 Mill Rate	56.5	70	56.84	81.1

*2024 Levy Calculated using +5% Max Value

Tax Year 2025				
	Local Assd	Centr Assd	Total	
17 Taxable Value	127,381,977	4,182,480	131,564,457	131,564,457
18 40 Mills (Max 5% Increase)	6,169,421		6,169,421	11,033,187
19 60 mills X CA		250,949	250,949	
20 10 mills X Local & Centr Assd	1,273,820	41,825	1,315,645	
21 Total	7,443,241	292,774	7,736,015	11,033,187
22 Mill Rate	58.43	70	58.8	83.86

*2025 Maximum is calculated using Local Assd Value

Tax Year 2026				
	Local Assd	Centr Assd	Total	
23 Taxable Value	135,508,947	4,108,032	139,616,979	139,616,979
24 40 Mills (Max 5% Increase)	6,477,892		6,477,892	11,033,187
25 60 mills X CA		246,482	246,482	
26 10 mills X Local & Centr Assd	1,355,089	41,080	1,396,170	
27 Total	7,832,982	287,562	8,120,544	11,033,187
28 Mill Rate	57.8	70	58.16	79.02

0.00%

0.00%

5.00%

	Dickinson	Locally Assessed	% Change	Centrally Assessed	% Change	Total Tax Value	% Change
A1	2016	174,516,991.00		-		174,516,991.00	
A2	2017	165,804,060.00	-4.99%	-	#DIV/0!	165,804,060.00	-4.99%
A3	2018	150,103,304.00	-9.47%	2,343,689.00	#DIV/0!	152,446,993.00	-8.06%
A4	2019	144,128,920.00	-3.98%	2,898,826.00	23.69%	147,027,746.00	-3.55%
A5	2020	153,320,681.00	6.38%	2,847,258.00	-1.78%	156,167,939.00	6.22%

	West Fargo	Locally Assessed	% Change 2016-2020	Centrally Assessed	% Change 2016-2020	Total Tax Value	% Change 2016-2020	GF Mill Levy
B1	2022	154,235,534.00		3,381,421.00		157,616,955.00		70
B2	2023	146,539,181.00	-4.99%	3,381,421.00	0.00%	149,920,602.00	-4.88%	
B3	2024	132,661,921.00	-9.47%	3,381,421.00	0.00%	136,043,342.00	-9.26%	
B4	2025	127,381,977.00	-3.98%	4,182,480.00	23.69%	131,564,457.00	-3.29%	
B5	2026	135,508,947.00	6.38%	4,108,032.00	-1.78%	139,616,979.00	6.12%	

Dickinson

Funding Formula Increase

	W/O SB 2066	Total Adjusted Formula	Contribution From In Lieu	Contribution From Property Tax	State Aid
C1	2022-23	44,469,528	2,214,569	9,444,902	32,810,057
C2	2023-24	47,137,700	2,214,569	9,457,017	35,466,114
C3	2024-25	49,965,962	2,214,569	8,995,236	38,756,157
C4	2025-26	52,963,920	2,214,569	8,162,601	42,586,751
C5	2026-27	56,141,755	2,214,569	7,893,867	46,033,319

6%

	With SB 2066	Total Adjusted Formula	Contribution From In Lieu	Contribution From Property Tax	State Aid
D1	2022-23	44,469,528	2,214,569	9,444,902	32,810,057
D2	2023-24	47,137,700	2,214,569	6,406,121	38,517,010
D3	2024-25	49,965,962	2,214,569	6,372,307	41,379,086
D4	2025-26	52,963,920	2,214,569	6,372,307	44,377,044
D5	2026-27	56,141,755	2,214,569	6,420,370	47,506,816

West Fargo

Tax Year 2022				
	Local Assd	Centr Assd	Total	Max Mill Levy: No Change to SB 2066
1 Taxable Value	506,490,769	5,435,913	511,926,682	511,926,682
2 66.15 GF Mill Levy	33,504,364	359,586	33,863,950	33,863,950
3 Total	33,504,364	359,586	33,863,950	33,863,950
4 Mill Rate	66.15	66.15	66.15	66.15

Tax Year 2023				
	Local Assd	Centr Assd	Total	
5 Taxable Value	561,039,825	5,302,190	566,342,015	566,342,015
6 40 mills X 2022 TV	20,259,631		20,259,631	37,927,624
7 60 mills X CA		318,131	318,131	
8 10 mills X Local & Centr Assd	5,610,398	53,022	5,663,420	
9 Total	25,870,029	371,153	26,241,182	37,927,624
10 Mill Rate	46.11	70	46.33	66.97

*2023 Levy Calculated using 2022 TV

Tax Year 2024				
	Local Assd	Centr Assd	Total	
11 Taxable Value	592,682,471	5,537,607	598,220,078	598,220,078
12 40 Mills (Max 5% Increase)	21,272,612		21,272,612	41,875,405
13 60 mills X CA		332,256	332,256	
14 10 mills X Local & Centr Assd	5,926,825	55,376	5,982,201	
15 Total	27,199,437	387,632	27,587,069	41,875,405
16 Mill Rate	45.89	70	46.12	70

*2024 Levy Calculated using +5% Max Value

Tax Year 2025				
	Local Assd	Centr Assd	Total	
17 Taxable Value	639,859,996	6,743,144	646,603,140	646,603,140
18 40 Mills (Max 5% Increase)	22,336,243		22,336,243	45,262,220
19 60 mills X CA		404,589	404,589	
20 10 mills X Local & Centr Assd	6,398,600	67,431	6,466,031	
21 Total	28,734,843	472,020	29,206,863	45,262,220
22 Mill Rate	44.91	70	45.17	70

*2025 Maximum is calculated using Local Assd Value

Tax Year 2026				
	Local Assd	Centr Assd	Total	
23 Taxable Value	686,249,846	6,315,629	692,565,475	692,565,475
24 40 Mills (Max 5% Increase)	23,453,055		23,453,055	48,479,583
25 60 mills X CA		378,938	378,938	
26 10 mills X Local & Centr Assd	6,862,498	63,156	6,925,655	
27 Total	30,315,554	442,094	30,757,648	48,479,583
28 Mill Rate	44.18	70	44.41	70

5.00%

5.00%

5.00%

	West Fargo	Locally Assessed	% Change	Centrally Assessed	% Change	Total Tax Value	% Change
A1	2016	312,549,261.00		3,397,411.00		315,946,672.00	
A2	2017	346,210,217.00	10.77%	3,313,860.00	-2.46%	349,524,077.00	10.63%
A3	2018	365,727,078.00	5.64%	3,461,146.00	4.44%	369,188,224.00	5.63%
A4	2019	394,827,442.00	7.96%	4,214,798.00	21.77%	399,042,240.00	8.09%
A5	2020	423,443,855.00	7.25%	3,947,425.00	-6.34%	427,391,280.00	7.10%

	West Fargo	Locally Assessed	% Change 2016-2020	Centrally Assessed	% Change 2016-2020	Total Tax Value	% Change 2016-2020
B1	2022	506,490,769.00		5,435,913.00		511,926,682.00	
B2	2023	561,039,825.00	10.77%	5,302,190.00	-2.46%	566,342,015.00	10.63%
B3	2024	592,682,471.00	5.64%	5,537,607.00	4.44%	598,220,078.00	5.63%
B4	2025	639,859,996.00	7.96%	6,743,144.00	21.77%	646,603,140.00	8.09%
B5	2026	686,249,846.00	7.25%	6,315,629.00	-6.34%	692,565,475.00	7.11%

GF Mill Levy
66.15

West Fargo

Funding Formula
Increase

	W/O SB 2066	Total Adjusted Formula	Contribution From In Lieu	Contribution From Property Tax	State Aid
C1	2022-23	142,055,368	495,618	27,378,515	114,181,235
C2	2023-24	153,419,798	495,618	30,694,935	122,229,245
C3	2024-25	165,693,382	495,618	33,980,521	131,217,243
C4	2025-26	178,948,853	495,618	35,893,205	142,560,030
C5	2026-27	193,264,761	495,618	38,796,188	153,972,955

8%

	With SB 2066	Total Adjusted Formula	Contribution From In Lieu	Contribution From Property Tax	State Aid
D1	2022-23	142,055,368	495,618	27,378,515	114,181,235
D2	2023-24	153,419,798	495,618	20,619,216	132,304,964
D3	2024-25	165,693,382	495,618	20,577,762	144,620,002
D4	2025-26	178,948,853	495,618	21,604,869	156,848,366
D5	2026-27	193,264,761	495,618	22,740,832	170,028,311

Intro for SB 2066 Senator Don Schaible

Good, morning Chairman Heinert and the rest of the House Education Committee. For the record, I am Senator Don Schaible, District 31, here to introduce SB 2066. This bill is a property tax relief bill that is a continuation of the tax relief that we started in the 2013 sessions. This bill will provide property tax relief to about 18% of your total property tax bill which would provide \$203 million to the residents of North Dakota. But this bill does much more than provide property tax, it is the first attempt to requires school boards to only discuss dollars when building their next year's budgets by using a last year's base line budget. Currently boards have the ability to see how much money they could receive from evaluation increases and then determine how much they could spend. It is the intent of this bill that requiring board to using a baseline budget when planning for the next year's budget. It will provide more transparency to the patrons and provide discussion on spending before assessing property tax. I believe that by doing it this way will force board members to think about spending, to know that in most cases an increase in the base line budget is a property tax increase. It is also the hope that boards would justify the increased spending, to own that decision and to engage the patrons of the district before accessing more property tax. The bill also requires a limit on evaluation growth after that first year to a 5% maximum evaluation growth after the first year. This is to prevent property tax creep which could happen by taking all the evaluation growth of the assessed value which is what happens now.

To explain how this would work, I may have to explain a little bit of how the school funding formula works. Schools are mostly funded by the per pupil payment which is a combination of local contribution (property tax) and state contribution which is usually general fund and a verity of special fund like the Budget Stabilization fund or Foundation Aid Stabilization fund. The state requires a local school district to contribute 60mills of property tax money as the local contribution of the state plan. This provides that 10,236 per student for each

student they educate. Of course, this is very simplified version of the funding formula, but it helps explain what this bill does.

The state has done several attempts to replace property tax contributions of local property tax with state funding. At one time local contribution was set at 180 mills. Imagine where your property tax bill would be today if you would use today's evaluation against 185 mills, the portion of school property tax would be triple of what you pay today. Well, the state did take over that level of funding from 185 mills to 110 mills, and in 2013 on the last day of the session, the state decided to require local contribution of school districts to be 60 mills with the state providing that difference to the property owners. By replacing all of that local contribution with state money provides about \$500m of property tax relief every year. That is a lot of property tax relief which I would guess that most legislators would say that we don't get much recognition for that relief. I would bet that most property owners would say that they did receive some relief but that has been eaten up but evaluation increases or other political subdivision taking advantage of the relief that was given. That is why this bill also tries to address spending and to remove the reference to the use of mills.

I would like to walk through the bill and would also like to apologize in advance for spending a fair amount of time going over school funding but that is what is necessary to explain this bill.

Sec 1 changes are needed so that centrally assessed tax is separate from the other kinds of property tax.

Sec 2 is deleted because the current funding formula has two effective dates on school funding and with this bill only one is needed and so the over struck lines on page 1. Through page 8. Is to eliminate the unneeded effective dates. The reference to the two effective dates are being merged by this bill and will be referenced in several sections of this bill.

Page 9, The changes on lines 14 through 24 is clean up language to clarify what is already in law and does not add any changes to the current law. I can go in more detail if needed.

The over struck language on page 12 is obsolete language that has already happened and is no longer necessary in century code

Page 14 is where we get into the real substance of the bill. Lines 6 -13 requires that property classification of residential, agricultural and commercial property local contribution to the funding formula will be set at 40 mills from the 2022 taxable evaluation which will set the base line going forward. Every year after that would be limited to an up to 5% evaluation growth. Line 14-15 require centrally assessed property would remain at the 60 mill local contribution.

The corrected language on page 15, lines 10 and 11 updates the language to the current year and confirming that the base year is 2022. Line 26 and 28 has added the classification clarification.

In Sec 3 determines minimum local effort 40 mills for residential, agriculture and commercial property and centrally assessed property is 60 mills.

In sec 4 is where we require school boards to communicate with dollars rather than mills.

Section 5 would remove a school district's ability to elect the alternative levy authority. Generally speaking, this alternative levy authority allows a taxing district to look back to the highest amount levied in any of the three preceding taxable years rather than levying the amount certified in the budget of the governing body.

Sec 5 also clarifies that this property tax relief is only for school districts and no other political subdivisions and the balance of the strike language in sec 5 is obsolete language and is no longer needed.

Sec 6 Update the base year to 2022 in line 3 page 20 and with the change on line 18 clarifies that they still have authority for the 10mill of discretionary authority.

Sec 7 page 20 lines 20 through page 21 line is deleted because of an obsolete effective date and is no longer needed.

This sec also clarifies levy limit that is considered local contribution would be 40 mills for property other than centrally assessed property which would remain at 60 mills.

Section 8 is pertaining to our tax statement and the state attempt to provide more clarity to our tax payers. This changes in this section would provide information on the changes that this bill would make to property tax relating to school districts.

Section 9 Repeals three sections

15.1-27-15.1 is being repealed for clean up purposes because language in this section is expired.

15.1-27-04.3 is repealed because there no longer a need to phase in a local property tax effort for districts not levying at least 60 mills.

15.1-27-20.2 This sec is being repealed for clean-up proposes because language in this section is expired.

Sec 10 establishes the effective date for taxable years beginning after December 31, 2022

Mr. Chairman I will now try to answer your questions.

Testimony on SB 2066
House Finance and Taxation Committee
March 27, 2023
Alan Annis, Director Taxes, BNSF Railway

Chairman Headland, my name is Alan Annis and I'm Director of Taxes for BNSF Railway. Thank you for the opportunity to provide comments today. SB 2066 proposes a higher tax rate for centrally assessed property than for residential, agricultural and commercial property. There are a number of reasons to be opposed to separating centrally assessed taxpayers from others, but BNSF's opposition focuses on the legal issues. The Railroad Revitalization and Regulatory Reform Act of 1976 (the "4-R Act") prohibits inequitable tax treatment of railroads and there's a court decision specific to North Dakota's past attempts to unfairly tax railroads that should guide the committee's decision. Further, the Ninth Circuit Court of Appeals recently ruled that the attempt by California counties to impose a higher property tax rate on railroads, as compared to other commercial and industrial taxpayers, violated the 4-R Act.

To be clear, the 4-R Act essentially provides that all railroad property must be treated the same as all other commercial property. This result is not changed by the fact that SB 2066 imposes the same tax rate on railroads as other centrally assessed taxpayers. Federal courts have ruled that the fact that railroads are treated the same as other centrally assessed taxpayers does not mean that railroads are not being discriminated against. In *Ogilvie v. State Bd. of Equalization*, 492 F. Supp. 446 (D. N. Dakota 1980), the court clearly explained the invalidity of this type of taxation on railroads as follows:

“The imposition of such a tax is discriminatory when railroad property is compared to all other property as a whole, excluding traditionally exempt property of churches, charitable institutions, homesteads and the like. The imposition of a personal property tax on other centrally assessed businesses does not render defendants' actions toward plaintiffs nondiscriminatory. As stated supra, the emphasis of Congress was on discrimination among all forms of property, not just among carriers or public utilities. Furthermore, discrimination against one business or person cannot be justified merely because others are also the victims of discrimination.”

The question as to what tax rate to impose on property is a policy question to be answered by the State of North Dakota. However, the 4-R Act simply requires that railroad property be subject to the same treatment as other commercial property— no more; no less. It is worthy of note that the United State Supreme Court’s recent decision in *Alabama Department of Revenue v. CSX*, a case regarding the 4R Act’s application to Alabama’s sales tax on diesel fuel, does not change this result.

For further reading on the applicability of the 4-R Act to SB 2066, the following cases are applicable:

- *Ogilvie v. State Bd. of Equalization*, 492 F. Supp. 446 (D. N. Dakota 1980), judgment affirmed, 657 F.2d 204 (8th Cir. 1981).
- *Ogilvie v. State Bd. of Equalization*, Civil No. A3-80-134 (D. N. Dakota 1995).
- *BNSF Railway Company v. County of Alameda*, No. 20-15896, (9th Circuit 2021).

We respectfully request the committee to vote no on SB 2066 and I’ll answer any questions you all may have. Thank you.