

1999 HOUSE EDUCATION

HCR 3064

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR3064

House Education Committee

Conference Committee

Hearing Date 2-24-99

Tape Number	Side A	Side B	Meter #
Tape # 1	x		0.1 to 31.4
Committee Clerk Signature <i>Joan Diers</i>			

Minutes:

Chairman R Kelsch , Vice Chair Drovdal , Rep Brandenburg , Rep Brusegaard , Rep Haas , Rep Johnson , Rep Nelson , Rep Nottestad , Rep L Thoreson , Rep Grumbo , Rep. Hanson , Rep. Lundgren , Rep. Mueller , Rep. Nowatzki .

Chairman R Kelsch : Opened the hearing on HCR 3064 .

Rep Ralph Metcalf: District 24 sponsor of the resolution. (see written attached).

Senator Thane: District 25. Testified in support of HCR 3064.

Rep Gorder: District 16 sponsor of the resolution and testified in support of HCR 3064.

Joe Westby: Executive Director of NDEA testified in support of HCR 3064. We would like this study to go forward. To study the component of school funding is but also what the other state sources of revenue should be.

Rep. Mueller : How do you arrive at the forty seven per cent?

Westby: We take the average per pupil payment and add the tuition apportion payment and divide by the average cost of education. DPI has a subtraction in their calculation, before they divide they subtract the amount of the mill deduct. What is the trend, it has been a steady decline.

Rep Nottestad : Where is the greatest problem, the increase of property values or the increase of the mill levy these last years?

Westby: I'm not sure I can answer that question. During the Interim, the tax committee heard from the tax department, their study told the committee told them that property taxes today as a percentage of total revenue are no different then what they were in 1960.

Rep Nelson : It looks to me that there has been a more rapid rise in the cost of educating the student, what is the biggest contributor to the rise in the cost of educating students?

Westby: Many school district regard the increases of cost in special education as being a big contributor to that. We are required by the federal government to do that and yet the federal dollars are grossly too little to support special education. Salaries have not gone up. Because property values have gone up, the mill deduct has gotten bigger and couple that with declining enrollment.

Rep Nelson : Special ed is a factor, coming from a view point of state verses federal, maybe the special ed funding should be a part of this resolution.

Westby: I would concur.

Rep L Thoreson : Are there other resources to look at to get the money.

Westby: The state has two main revenue sources, sales tax and income tax. There may be some other things that could be considered such as the federal tobacco money.

Rep Haas : Where does North Dakota rank in income tax?

Westby: North Dakota ranks 41.

Rep Haas : Do you know where North Dakota ranks when you calculate the tax burden, the per capita tax burden as a per centage of income.

Westby: I don't have that information.

Rep Haas : We rank 15.

Westby: North Dakota has always struggled with where we get the money.

Rep Haas : Do you think that we can address this issue of property taxes and state funding in isolation from the broader issue of structure of delivery and organization of elementary and secondary education in the state of North Dakota.

Westby: You bring up important issues, we have to look at the total picture.

Ruth Urdahl: testified in support of HCR 3064.

Chairman R Kelsch : Anyone wishing to speak in opposition. Hearing none we will close the hearing on HCR 3064.

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3064-3-4-99

House Education Committee

Conference Committee

Hearing Date 3-1-99

Tape Number	Side A	Side B	Meter #
Tape # 2	x		27.8 to 31.3
Committee Clerk Signature <i>Juan Davis</i>			

Minutes:

Chairman R Kelsch , Vice Chair Drovdal , Rep Brandenburg , Rep Brusegaard , Rep Haas , Rep Johnson , Rep Nelson , Rep Nottestad , Rep L Thoreson , Rep Grumbo , Rep. Hanson , Rep. Lundgren , Rep. Mueller , Rep. Nowatzki , Rep. Solberg .

Chairman R Kelsch : We will take HCR 3064, what are the wishes of the committee?

Rep. Lundgren : I would like to move my amendments to HCR 3064 (see attached).

Rep. Solberg :Second.

Chairman R Kelsch : Discussion on the amendments. Called for a voice vote--motion carried.

What are the wishes of the committee?

Rep. Mueller : Move a DO PASS as amended

Rep. Solberg : Second.

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House Education Committee

Bill/Resolution Number HCR 3064-3-1-99

Hearing Date 3-1-99

Chairman R Kelsch : We have a DO PASS as amended motion, committee discussion. Hearing

none we will ask the clerk to read the roll. passes 15 YES 0 NO 0 Absent Floor assignment

Rep. Solberg .

93036.0401
Title.0500

Prepared by the Legislative Council staff for
Representative Lundgren
February 24, 1999

VR
3/1/99

HOUSE AMENDMENTS TO HOUSE CONCURRENT RESOLUTION NO. 3064 **Edu 3-2-99**

Page 1, line 11, after the second comma insert "impact of property tax exemptions granted by local subdivisions,"

Renumber accordingly

Date: 3-1-99
Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HC R-3064

House Education Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number 93036.0401 title 10500

Action Taken Do Pass as amended

Motion Made By Mueller Seconded By Solberg

Representatives	Yes	No	Representatives	Yes	No
Rep. ReaAnn Kelsch-Chairperson	✓		Rep. Dorvan Solberg	✓	
Rep. David Drovdal-Vice Chair	✓				
Rep. Michael D. Brandenburg	✓				
Rep. Thomas T. Brusegaard	✓				
Rep. C. B. Haas	✓				
Rep. Dennis E. Johnson	✓				
Rep. Jon O. Nelson	✓				
Rep. Darrell D. Nottestad	✓				
Rep. Laurel Thoreson	✓				
Rep. Howard Grumbo	✓				
Rep. Lyle Hanson	✓				
Rep. Deb Lundgren	✓				
Rep. Phillip Mueller	✓				
Rep. Robert E. Nowatzki	✓				

Total (Yes) 15 No 0

Absent 0

Floor Assignment Solberg

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

REPORT OF STANDING COMMITTEE

HCR 3064: Education Committee (Rep. R. Kelsch, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE PLACED ON THE CONSENT CALENDAR** (15 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HCR 3064 was placed on the Sixth order on the calendar.

Page 1, line 11, after the second comma insert "impact of property tax exemptions granted by local subdivisions,"

Renumber accordingly

1999 SENATE EDUCATION

HCR 3064

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR3064

Senate Education Committee

Conference Committee

Hearing Date March 16, 1999

Tape Number	Side A	Side B	Meter #
1	x		2504-3299
Committee Clerk Signature <i>Jinda Christman</i>			

Minutes:

SENATOR FREBORG opened the hearing on HCR3064. All senators were present.

REPRESENTATIVE METCALF, DISTRICT 24 testified in favor of HCR3064. Written testimony attached.

SENATOR FREBORG closed the hearing on HCR3064.

SENATOR O'CONNELL : I move a DO PASS, put on the consent calendar.

SENATOR KELSH: 2nd

Vote: 7 Yes 0 No

CARRIER: SENATOR O'CONNELL

Date: 3/16/99
Roll Call Vote #: _____

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HCR 3064

Senate EDUCATION Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass Consent cab.

Motion Made By O Seconded By K

Senators	Yes	No	Senators	Yes	No
Senator Freborg, Chairman	✓				
Senator Cook, Vice Chairman	✓				
Senator Flakoll	✓				
Senator Wanzek	✓				
Senator Kelsh	✓				
Senator O'Connell	✓				
Senator Redlin	✓				

Total (Yes) 7 No 0

Absent _____

Floor Assignment O'Connell

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

REPORT OF STANDING COMMITTEE (410)
March 16, 1999 1:08 p.m.

Module No: SR-47-4878
Carrier: O'Connell
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HCR 3064, as engrossed: Education Committee (Sen. Freborg, Chairman) recommends **DO PASS** and **BE PLACED ON THE CONSENT CALENDAR** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HCR 3064 was placed on the Tenth order on the calendar.

1999 TESTIMONY

HCR 3064

HOUSE CONCURRENT RESOLUTION NO. 3064

TESTIMONY BY

REPRESENTATIVE RALPH METCALF

Chairman Kelsch and members of the House Education Committee. I am Representative Ralph Metcalf from District 24, Barnes County and I bring House Concurrent Resolution No. 3064 to you to ask for a study to reduce our reliance on property taxes for school funding while looking for other methods of funding for quality education.

Real property taxes, which is the true name of what we call property tax, is an archaic and inequitable method of taxation. It was probably started when the first form of government came upon this earth. There were no ledger sheets, accountants, or computers. The only method of determining wealth was to look at visible property and extract a portion of that as a tribute to the king or whatever form of government existed. Other taxes were not considered as the only method of collection was to be at the site when wealth changed hands and an extraction was made at that time. This tax has continued to this day even though many realize the inherit inequity of the process.

In the late sixties, when I began farming, we also had another tax call Personal Property Tax. For the younger members, this tax required an assessor to come to your home and determine your personal property which was given a value and you paid a tax on that also. I am not sure how this worked for the average city dweller, but for me as a farmer, the assessor was required to walk through our farm yard and count our

livestock and record the machinery. The smarter farmers parked their equipment in an abandoned shelterbelt, out of sight, out of tax. This tax was taken out of law through the wisdom of the legislators at the time and my taxes were reduced drastically. Being not completely stupid, I realized that it would not take long for the remaining Real Property Tax to expand to cover the loss of personal property tax and two years later I was paying more real property tax than I had previously paid on the combination of both types of property tax.

Enough for the history lesson. Realistically, current property tax by no means is a measure of wealth or ability to produce wealth. Just because an individual owns a home, business, or agricultural land does mean that they have the income to pay a tax. How true this is has really come to the fore in recent years. I can only site as fact the story of many local farmers and home owners who have been forced into social services or have lost their financial ability to farm because of present day economics. Many, many farmers have been forced to pay thousands of dollars in property tax while losing their lively hood because of the down turn of agriculture and the increase in property tax. In some cases, the payment of property tax has actually forced some individuals into bankruptsy/foreclosure. Older people how have worked all their lives and have only a simple home they can call their own cannot pay their property taxes without foregoing food and medical treatment. This tax is archaic and must be abolished or at least reduced to a level of minimum usage.

This brings us to the cost of education. My understanding and so I have been told is that the education of our youth is a responsibility of the state

and so it should be. The state sets the laws and determines the requirements. However, the state furnishes less than 50% of the finances required to support this education. I believe that we have the obligation to review every type of revenue source available and determine which is in the best interests of our citizens. It makes little sense to me to have one individual earning \$75,000 a year pay as little as \$2,000 property tax which supports the education of his children, while another individual earning \$5,000 or less is required to pay \$10,000 in property tax and he may not have any children to educate. I am not blaming the individual making \$75,000 as in many cases they would gladly pay more if they could insure a quality education for their children, but the current tax structure does not provide for this.

I apologize for carrying on the way I have, as I am sure that many, if not all of you are aware of this problem. In fact some of you may have based your campaign on providing quality education for our children and looking for ways to reduce our reliance on real property tax. I believe that this cannot be accomplished in a realistic common sense method without a detailed study of these issues. Let's not try to correct this problem with hit or miss legislation. Let's study it and have solid sound based legislation presented to the next legislative assembly that will correct this intolerable situation. North Dakotans work for and deserve the best for our children, their future, and future of this State.

Thank you for allowing me the time in your busy schedule to present this study resolution to you. If you have any questions, I will be most happy to answer them to the best of my knowledge.

HOUSE CONCURRENT RESOLUTION NO. 3064

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